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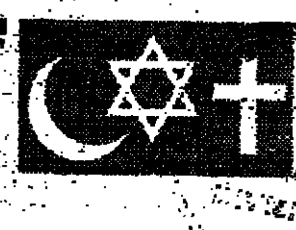

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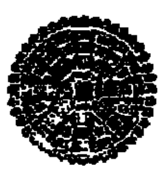

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EC after Denmark
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FINANCIAL TIMES

Weekend June 6/June 7 1992 | EUROPE'S BUSINESS NEWSPAPER | D 8523A

Kohl and Major urge faster move to EC enlargement

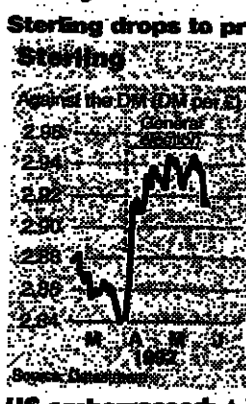
Chancellor Helmut Kohl of Germany and John Major called for greater speed in the process of widening EC membership, in spite of Denmark's "No" vote to Maastricht ratification. In particular, the two leaders called for negotiations with prospective member states from the seven-nation European Free Trade Area to begin at the start of 1993. Page 24; Danes ponder aftermath, Page 2

Dissolution Honours: Margaret Thatcher's generation dominates the honours list, with Cecil Parkinson, Norman Tebbit, Sir Geoffrey Howe and Nigel Lawson among 21 life peerages awarded. Denis Healey, Merlyn Rees and Jack Ashley are among the six Labour nominees. Page 7

British Petroleum's exploration arm is to close its Glasgow headquarters with the loss of 350 jobs, shifting 300 workers to Aberdeen where most of its 5,000 Scottish employees are based. Page 4; BP of America sells assets, Page 12

Dowty Group, aerospace company fighting for its independence against a £522.2m bid from TI Group, published annual results showing pre-tax profits of £32.7m in line with forecasts. Page 11; Lex, Page 24

Sterling drops to pre-election level:



The pound's bullish performance since the Tory election victory in April came to an end when it slipped to a low of DM2.9118 in European trading. Sterling spent much of the day at the bottom of the European Monetary System grid, but ended second from bottom, above the Danish krone. Currencies, Page 13

US embarrassed: A leaked memo to the White House regarding an attempt to "fix" a central Earth Summit document has further embarrassed the US at the Rio conference. Page 24

Heron International, Gerald Ronson's property and finance company, has had £300m knocked off the value of its property portfolio. Page 11

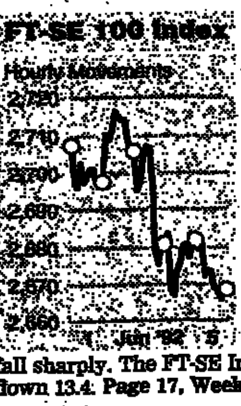
Moscow millions: US investigator Jules Kroll is on the trail of cash moved abroad by Moscow's former Communist regime. The sums involved may be larger than western aid pledged to the former Soviet republics. Page 24

European arms cuts: Nato and its former Warsaw Pact adversaries signed an agreement on sweeping arms cuts in Europe, which had been blocked by the former Soviet states. Page 2

Grimsby service axed: South Humberside is to lose its InterCity link with London, fuelling fears that the privatisation of British Rail might lead to service cuts. Page 7

Perot outlines policies: Ross Perot, in his most specific policy statements to date, said he would cut imports from Japan and rethink the free trade agreement with Mexico. Page 2

Bernard Tapie, who last week resigned from the French cabinet, saw his fortunes worsen when Bernard Tapie Finances posted a net loss of FFr294.9m (£30m) for last year. Page 12



Equities: Further pressures on government bonds and stock index futures drove the UK equity market below an important support level yesterday, leaving traders apprehensive. The market was dominated by the withdrawal of Lloyds Bank from the contest for Midland, a development which saw Midland shares fall sharply. The FT-SE Index closed at 2,668.5, down 13.4. Page 17, Weekend Page II

Pirelli backed: Germany's leading small shareholder association backed Pirelli, Italian tyre company, in its attempt to overcome shareholder voting restrictions at German tyre group Continental. Page 12

Lloyd's of London claimed successes in its legal battles with dissident US Names, the individuals whose assets provide capital for the insurance market. Page 7

STOCK MARKET INDICES

FT-SE 100:	2,668.5	(−13.4)
Yield	4.68	
FT-SE Eurotrack 100	1,181.18	(−3.74)
FT-A All-Share	1,294.13	(−0.5%)
Nikkei	17,790.04	(−174.03)
New York lunchtime:		
Dow Jones Ind Ave	3,382.88	(−18.85)
S&P Composite	412.18	(−1.08)

US LUNCHTIME RATES

Federal Funds:	3⅝%
3-mo Treas Bills: Yld	3.724%
Long Bond	101 3/32
Yield	7.827%

LONDON MONEY

3-mo Interbank	10%	(same)
Liffe long gilt future:	Sep 98 3/16	(Sep 98 7/16)

NORTH SEA OIL (Argus)

Brent 15-day	$21.25	(21.00)

Gold

New York Comex	$340.6	(340.6)
London	$339.75	(338.55)

STERLING

New York lunchtime:		
$	1.8365	
London:		
$	1.8355	(1.8255)
DM	2.915	(2.9175)
FFr	9.83	(same)
SFr	2.6625	(2.67)
Y	232.75	(same)
£ Index	92.5	(same)

DOLLAR

New York lunchtime:		
DM	1.58735	
FFr	5.3465	
SFr	1.449	
Y	126.7	
London:		
DM	1.588	(1.5985)
FFr	5.355	(5.385)
SFr	1.4505	(1.463)
Y	126.75	(127.55)
$ Index	62.7	(63.0)

Tokyo close Y 127.55

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Reichmann may bid to win back Canary Wharf

By Robert Peston and Vanessa Houlder in London and Bernard Simon in Toronto

MR PAUL REICHMANN, founder of the troubled property developer Olympia & York, is planning a bid to regain control of Canary Wharf, the east London property development which is in administration under UK insolvency procedures.

Mr Reichmann, whose family owns Olympia & York, is in talks with a number of powerful investors, whom he hopes can be persuaded to join him in a takeover bid for the project, according to a financier with a close knowledge of O&Y.

Four separate options are being considered by him, all of which will include a commitment to provide funding for extension of the Jubilee Line underground link.

Mr Reichmann is due to meet administrators from the accounting firm Ernst & Young in London next week to discuss his plans for Canary Wharf.

Some bank creditors, owed hundreds of million pounds as a result of their involvement in Europe's biggest property development, may be angry at the possibility that he may regain control of Canary Wharf.

On the other hand, tenants are likely to welcome the continued involvement of O&Y, whose reputation as a landlord remains unsullied by its financial difficulties.

Mr Reichmann is believed to be confident that opposition will come from only a handful of creditors.

His bid would provide sufficient capital to complete the project's first two stages without any new money from the present Canary Wharf lenders.

It would also allow banks to reduce their exposure to the project, but at the price of taking some loss on any loans withdrawn.

On Wednesday, Mr Reichmann met the chairman and chief executives of eight banks with heavy exposure to O&Y. The meeting, held in Toronto, was described by one of the bankers as friendly.

The appointment of administrators at Canary Wharf 10 days ago was a severe personal blow to Mr Reichmann. The project was by far the most ambitious undertaken by O&Y, and Mr Reichmann has overseen every detail of its construction.

Before its liquidity crisis arose in February, O&Y was confident it was on the verge of a breakthrough in its efforts to attract tenants to Canary Wharf. Such a breakthrough could have secured the project's future.

Two UK financial institutions were *due to sign leases by the* end of April for a total of 400,000 sq ft of office space. One of them was Barclays, the UK bank which is also one of the leading lenders to the project.

One of Mr Reichmann's concerns in his comeback effort is that he may be outbid by another party, such as Hanson, the Anglo-US conglomerate which has indicated it is considering a bid.

Ernst & Young, the administrators of Canary Wharf, said yesterday that no more than "half a dozen serious players worldwide" would be interested in rescuing the project.

The administrators said the project had so far cost £1.5bn. Unsecured creditors, including building contractors, are owed £50m.

Prospects for project, Page 4
Civil servants protest over move to Docklands, Page 4

Hongkong Bank left with a clear run for its £3.9bn improved offer

Lloyds gives up battle to acquire Midland Bank

By Robert Peston in London

LLOYDS BANK yesterday abandoned its controversial plan to buy its UK rival Midland.

Lloyds' withdrawal makes it almost certain that Midland will be acquired by Hongkong and Shanghai Banking Corporation, which earlier this week improved the terms of its recommended offer for the UK bank to £3.9bn.

Yesterday's news stunned the stock market and Midland's share price fell 21p to 446p, compared with the 469p value of Hongkong Bank's shares and cash offer.

Lloyds' decision to withdraw its proposed offer, which had been referred to the Monopolies and Mergers Commission, was made at a board meeting yesterday morning.

Mr Brian Pitman, Lloyds' chief executive and architect of the takeover plan, yesterday appeared tired and he admitted that he was disappointed at the outcome. He said, however, that he had recommended to the board that Lloyds should withdraw. Nonetheless, only four days earlier, after Hongkong Bank raised its offer, Mr Pitman still believed that his bank had a chance of buying Midland.

Mr Pitman changed his mind after his financial advisers - the stockbroker Hoare Govett and two merchant banks, Baring Brothers and Lloyds Merchant Bank - told him that Lloyds would have to offer more than 520p for each Midland share if it was to have any chance of acquiring the bank.

Mr Pitman said he believed such a price was too high. The advisers did not give him this information in preliminary form until Thursday morning.

Sir Jeremy Morse, Lloyds chairman, said that he and Mr Pitman did not take a definitive view on this question of how much their bank could pay until just before the the board meeting, which began at 9.45 yesterday morning.

Sir Jeremy said there was no question of Mr Pitman or any other board member stepping down as a result of the collapse of the takeover attempt. "It does not compromise him [Mr Pitman] or us", Sir Jeremy said.

Mr Pitman said he did not believe that Lloyds' reputation would be damaged severely the failure of the takeover attempt. He would press on with a strategy of cutting costs - staff numbers are currently being reduced by 250 a month - and attempting increase income by selling more financial services through its network of 2,000 branches.

Sir Jeremy questioned whether Midland would be equipped to meet the big challenges ahead under its likely new owner, Hongkong Bank. He said Midland faced "quite a struggle".

Lloyds made banking history on April 28, when it became the first UK clearing bank to make a hostile proposal to buy another bank at the heart of the UK financial system.

Sir Jeremy has always said his bank's intentions toward Midland were not hostile but he admitted that if Midland saw Lloyds intervention as hostile - as Midland did - then it was probably fair to describe it in such a way.

The Bank of England was also unhappy that there should be such an aggressive contest between two banks, Lloyds and Hongkong Bank, for control of Midland. The Bank has been convinced throughout the contest that Lloyds would be blocked by the MMC and therefore it could not understand its motives in make the proposed offer.

However, Sir Jeremy said the Bank went out of its way not to influence the course of events.

Lloyds' attempt to buy Midland has caused a storm at Westminster, because it planned to close down *1,000 bank branches* and cut staff numbers by 20,000 if it succeeded in acquiring Midland.

A fortnight ago, Mr Michael Heseltine, president of the board of trade, referred the proposed takeover for scrutiny by the MMC, the UK competition authority. The MMC has since been bombarded with submissions from different groups of banking customers - including lobbies representing small businesses, farmers, retailers and consumers - who were concerned that a Lloyds acquisition of Midland would have an adverse effect on competition.

Lloyds had been working on plans to buy Midland since the beginning of 1991. However, not until late November did Sir Jeremy ask Midland's chairman, Sir Peter Walters, if he would enter into secret negotiations on a takeover. However, Hongkong Bank already had 14.9 per cent stake in Midland, which it had bought at the end of 1987. When it bought the stake, it had hoped to buy Midland three years later, but that plan was subsequently put on ice.

Hongkong Bank's interest in Midland revived when it learned of Lloyds' approach. Midland then carried out secret talks with both and on March 13 it opted for Hongkong Bank, because it was convinced that a bid by Lloyds

Continued on Page 24

Further reports, reaction and analysis ....Page 10
Lex ....Page 24

Ashley Ashwood

In the driving seat: William Purves, Hongkong and Shanghai Bank chairman, leaving the bank's London offices yesterday after hearing of Lloyds' decision to pull out of the battle

Pensions law to be examined

By Norma Cohen, Investments Correspondent

AN INDEPENDENT commission to examine UK pensions legislation and recommend reforms is to be announced by the government on Monday.

Pressure for pensions reform has risen close to the top of the political agenda since it was discovered that more than £400m had gone missing from the pension funds of companies controlled by Robert Maxwell.

The review will examine, among other things, ownership of pension fund surpluses, the feasibility of a compensation scheme for funds which fail, and whether the loose framework of trust law is suitable for such funds.

The line of inquiry will follow closely that suggested in a report issued in March by the cross-party parliamentary select committee on social security.

That report recommended a broader remit for the Occupational Pensions Board, which is concerned with tax aspects of some pension funds, tighter rules on the custody and transfer of pension fund assets and the establishment of a compensation scheme for pensioners.

The committee made no specific recommendation on the question of ownership of surplus, widely regarded as the thorniest of all matters before it.

Any effort to prevent companies from using pension fund surpluses exclusively for their own use is expected to be fiercely resisted by British industry.

The new commission is expected to issue a preliminary report within six to nine months.

Hanson plans to float Jacuzzi as part of £700m disposals

By Roland Rudd

HANSON, the Anglo-US conglomerate, is planning to sell most of its non-core businesses, which it values at more than £700m.

In a departure from its usual method of selling companies, Hanson is considering floating off majority stakes in its US non-core businesses, which include Jacuzzi, the whirlpool bath and hot tub maker, and Beazer's US housebuilding interests.

Mr David Clarke, chief executive of Hanson Industries, the company's North American arm, yesterday said the US companies earmarked for disposal had been packaged into the four groups of housebuilding, consumer products, recreation and leisure.

Hanson is likely to keep a small stake in the four groups, which are valued by its advisers at more than a $1bn (£546m).

In the UK, Mr Derek Bonham, *Hanson's chief executive, said* the group had earmarked small consumer and industrial companies worth about £200m for trade sales.

The disposals, which are expected to begin shortly, are designed to allow Hanson to concentrate on the management of seven core businesses which it is keen to expand. They are Peabody Coal, Cavenham Forest, Beazer USA, Grove Industries and Hanson Office Products in the US and Imperial Tobacco and building products groups, including ARC and London Brick, in the UK.

The US flotations will be the first since Hanson's controversial flotation of 52 per cent of Smith Corona, the typewriter manufacturer, for $21 a share in July 1989. *Shortly after the flotation, which* raised $386m for Hanson, Smith Corona announced a deterioration in its sales, and the share price collapsed to $5. Yesterday in New York they were trading at 9⅝.

Lord White, chairman of Hanson Industries, said: "The lesson to be learnt from Smith Corona is that the offer price was pitched too high."

Mr Clarke said the four groups contained strong brand names, such as Tommy Armour golf equipment.

CONTENTS

Austria Sch30; Bahrain Din1.000; Bermuda $1.85; Belgium BFr60; China FEC 12; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr9.50; Germany DM3.30; Greece Dr250; Hong Kong HK$16; Hungary Ft162; Iceland IKR180; India Rup20; Indonesia Rp3,800; Israel NS5.50; Italy L2500; Japan Y300; Jordan JD1.20; Korea Won 2500; Kuwait Fils.600; Lebanon US$1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.50; Morocco Dh11.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.20; Pakistan Rs35; Philippines Peo 45; Poland Zl 18000; Portugal Esc190; Qatar QR10.00; S.Arabia Rls9.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Taiwan NT$85; Thailand Bht50; Tunisia Din1.000; Turkey L5000; UAE Dh9.00; USA $1.25. (Alaska & Hawaii $1.75)

PM brings abortion question back into play

Danish Maastricht vote 'will jolt Irish'

By David Gardner in Dublin

IRISH voters will be jolted into giving greater support to the Maastricht treaty in the wake of its rejection by Denmark, according to Mr Albert Reynolds, Ireland's prime minister.

Yet the Irish leader revealed some uncertainty about the outcome of the June 18 referendum on Maastricht by simultaneously seeking to rally liberals in favour of freer access to abortions abroad – an issue the government has struggled to disentangle from the European debate.

Mr Reynolds made what appeared to be a pitch for the liberal vote by saying that a "yes" vote on June 18 would mean Ireland had pronounced on the controversial issue of whether Irish women had the right to information on abortion and the right to travel abroad to terminate pregnancies, in line with EC law on freedom of information and movement.

"On the 18th of June, a 'yes' vote ensures your right to travel," Mr Reynolds said, and "the law officers can see that Irish people will have spoken on travel and information."

His judgment is that on June 18 the Irish will weigh the risk of isolation revealed by Denmark's stance. "There was a certain element of complacency building in the [pro-Maastricht] campaign. But this will get us a better result than had the Danes voted 'yes'," Mr Reynolds said yesterday.

"The eyes of Europe will be upon us on the 18th of June and Ireland will respond to that challenge. Ireland will raise the flag for Europe," the prime minister insisted. As the first country to make a decision on Maastricht after the Danish debacle, and the only other country apart from France which will hold a referendum on the treaty, Ireland has become the unwitting repository of the European Community's hopes for the beginings of a way out of the Dane-provoked crisis.

EC foreign ministers decided in Oslo on Thursday that rapid ratification of the treaty was the only way to stop the European Union project buckling.

The issue of abortion – proscribed by the Irish constitution – entered the European debate when the previous government inserted a protocol in the Maastricht treaty declaring that nothing in it overrode this constitutional clause. The Reynolds government, however, opted for a separate referendum on abortion this year.

Even without the Irish leader's surprising re-linking of the two issues, EC and Irish lawyers reckon that even a "yes" vote on June 18 might be open to legal challenge if Maastricht – which as currently drafted requires the approval of all 12 EC states – is altered by a single comma. This might risk a new referendum on the treaty colliding outright with the abortion issue.

New referendum possible, minister says

By Robert Mauthner in Oslo

THE Danish government has "no plans" for a new referendum on the Maastricht Treaty but it could not be ruled out as a future option following the Danish people's rejection of the treaty this week, Mr Uffe Ellemann-Jensen, the Danish foreign minister, said yesterday.

It would not be right to ignore the constitutional process which had led to the rejection of the treaty, Mr Ellemann-Jensen said. But "if circumstances changed", the possibility of holding another referendum could be discussed as one of a number of solutions to Denmark's predicament.

Mr Ellemann-Jensen, in Oslo for a meeting of Nato foreign ministers, repeated what he told his European Community colleagues on Thursday, that "all options" remained open. "We will have to consider what we want to do during the summer recess and take stock of the situation in the autumn. For the moment, the time is not ripe for decisions."

Denmark and its people still regarded themselves as an integral part of this process, which was supported by all political parties.

Mr Ellemann-Jensen said the decision by the other European Community member states to proceed with ratification of the Maastricht treaty did not come as a surprise to the Danish government. "We told the voters that that would be the case and they voted with their eyes open." It was also made clear at Thursday's emergency meeting that Denmark's 11 partners were not ready to renegotiate the treaty, a fact that had been noted by Denmark.

He was grateful to Mr Jacques Delors, European Commission president, for distancing himself personally from a Commission discussion paper which was reported to have expressed the opinion that small countries would "lose influence" in the European union projected in the Maastricht treaty. This report is said to have played an important role in persuading the Danish electorate to reject the treaty, but Mr Ellemann-Jensen said he was satisfied by Mr Delors' explanation that it had been prepared "at a low level" and did not represent his views.

"I certainly hope that Mr Delors will be reappointed," he added.

The minister also rejected suggestions that Denmark hoped its people's decision would be mirrored in other member countries. "Whether we are part of it or not, it is in Denmark's interests that the European integration process continues and that Europe remains strong and united. It is the first time in European history that we have a framework in which the big and small countries are treated as equals."

Citizens ponder aftermath of their No-vote

The vote against ratifying the Maastricht treaty contained a strong element of protest against the political establishment, writes **Hilary Barnes**

WHILE Danish politicians try to sort out the country's future relationship with the rest of the European Community following Tuesday's rejection by voters of the Maastricht treaty, ordinary Danes are astonished to find themselves in the spotlight.

Denmark has probably not played such a prominent role in Europe since 1864, when Bismark's armies trounced the Danes and took Schleswig-Holstein, or possibly 1940, when Hitler's armies marched in.

"It suddenly felt important to be a Dane," said a university student yesterday, a Yes-voter who was appalled at the EC crisis which his fellow voters have brought about.

The vote contained a strong element of protest against the political establishment. Some of the No-voters are having regrets. A waitress said she voted No out of general dislike of Denmark's powers-that-be, feeling confident that Yes votes would prevail.

Enthusiastic opponents were convinced they were striking a blow for national independence. "Hurrah! We're free," wrote the TV critic of a popular tabloid immediately after Tuesday's vote.

But by yesterday jubilation had turned to indignation: "The psychology of power in Europe is clear: Denmark will be made to bow its head and stay caged," she wrote. Her conclusion seems to mesh well with the government's campaign warnings, that a No-vote would lead to "dependence without influence".

Prime minister Poul Schluter, who yesterday cancelled a trip to the final session of the Earth Summit in Rio, and Mr Uffe Ellemann-Jensen, foreign minister and Liberal party leader, are being advised by a "crisis" group of leaders from all eight parties in the Folketing, the Danish parliament.

Ironically, these include two which recommended a No vote, the Socialist People's party and the populist right-wing Progress party. So far, no prominent politician who voted No has been heard to express doubts now that the consequences are becoming apparent.

But Mr Arne Melchior, a former minister and leading figure in the small pro-Maastricht Centre Democratic party, yesterday said that he was prepared to wager that in a couple of years Denmark would be knocking on the door of the European Union.

NEWS IN BRIEF

Mexico to cut three zeros from currency

MEXICO is to eliminate three zeros from the peso from January, writes Damian Fraser in Mexico City.

A £1.70 taxi ride will cost 10 rather than 10,100 pesos; the typical chauffeur's wage will fall from 1,500,000 pesos a month to just 1,500; Telmex, the national telephone company, will be worth a mere 90 billion, rather than trillion, pesos.

Mr Milton Friedman, the Nobel laureate in economics, told worried Mexicans the change was "purely arithmetic" and would not affect inflation or wages. The government said the only effect "would be to simplify money transactions and achieve a more efficient use for computing and registered accounting systems".

Milosevic pressed to quit

Serbia's rival political parties and nationalist movements yesterday began jockeying for position as pressure on President Slobodan Milosevic to resign gained momentum in the ruling establishment, writes Judy Dempsey in Belgrade. In Mr Milosevic's ruling Serbian Socialist party, 14 deputies of the parliamentary club yesterday broke ranks by withdrawing from the club.

The Socialists won the majority of parliamentary seats in last Sunday's elections. The rival ultra-nationalist Radical party, led by Mr Vojislav Seselj, won 33 of the 138 seats, which signals the the growing influence of a militant, armed party in the republic.

Rapid fragmentation of Mr Milosevic's support is also taking place in the Serbian Academy of Sciences, and Belgrade University, the cream of the establishment and previously supporters. Forty-seven out of 90 academy members present signed a petition demanding his resignation.

UN team leaves Baghdad

UN inspectors left Baghdad yesterday after disabling part of Iraq's nuclear capability but fearing it still had potential to develop a nuclear bomb, Reuter reports from Baghdad.

The 25-man team, led by Greek expert Mr Dimitri Perricos, had already announced it was taking with it Iraq's last stocks of highly-enriched but unradiated uranium.

"Enrichment by electromagnetic isotope separation is out," Mr Perricos said in the Iraqi capital before leaving. "The other side of enrichment by centrifuge is still grey because we failed in our efforts to get the procurement data from the Iraqis."

The UN team spent nine days scouring Iraqi nuclear sites in a bid to resolve doubts about Baghdad's nuclear programme.

Iraq refused to hand over data on companies and people who helped with its nuclear programme, saying it was restricted by moral and other obligations toward its contracting suppliers.

EC soyabean proposal

The European Community is proposing to negotiate compensation for the US – as well as for Argentina and Brazil – for the loss of soyabean sales as a result of European oilseeds subsidies, the EC Commission in Brussels said yesterday, writes Nancy Dunne in Washington

Under the rules of the the General Agreements on Tariffs and Trade, the US must accept compensation. The compensation offer is likely to be in the form of tariff reductions on EC imports.

President Bush, under attack politically from the right and the left and two opponents in the general election, needs desperately to hold on to his base of support in the Midwest farm states.

German refugee vote

The German parliament is to speed the processing of asylum seekers and the expulsion of non-political refugees, writes Christopher Parkes in Bonn.

Asylum hearings will be limited to six weeks, rights of appeal reduced and "collection camps" set up for asylum-seekers. Almost 160,000 have arrived this year.

Although the new asylum regulations will come into force on July 1, doubts were immediately raised about their effectiveness.

The Bundestag also passed new rules on the taxation of unearned income, which must overcome stern opposition in the upper house, the Bundesrat, before they can come into effect. The opposition voted against changes raising the tax-free threshold on interest income to DM6,000 (£2,060) a year for individuals and DM12,000 for couples.

Pawlak chosen Polish PM

Poland yesterday got its fourth prime minister in the three years since the fall of the communist regime when parliament voted in Mr Waldemar Pawlak, a 32-year-old farmer, as the head of government. writes Chistopher Bobinksi in Warsaw.

The vote came yesterday afternoon, some 15 hours after parliament had dismissed the previous cabinet on a motion from President Lech Walesa, who followed through by proposing Mr Pawlak. Mr Pawlak heads the PSL farmers' party, which in the past played a supportive role to the ruling communists.

S Tyrol autonomy agreed

The Vienna parliament yesterday agreed to Italy's autonomy plan for the South Tyrol, ending a 46-year dispute over the status of the province, writes Eric Frey in Vienna. The Austrian government will now notify the United Nations that the conflict has been formally ended. But Austrian officials say Vienna still sees itself as a protection power for the German-speaking majority in the once Austrian province and will follow closely whether the agreement is fully implemented.

French drought: a woman fills a bucket with sand where the Loire river should be flowing in Ancenis, western France

European arms cuts pact signed

By Robert Mauthner in Oslo

NATO and its former Warsaw Pact adversaries yesterday signed an agreement on sweeping arms cuts in Europe, which had been blocked by the collapse of the Soviet Union and disagreements among its successor states over how to share out reductions in tanks, aircraft and other military equipment.

The protocol to the conventional forces in Europe treaty (CFE), signed in Paris at the end of 1990 when the Soviet Union was still a unified state, was signed by 29 members of the North Atlantic Co-operation Council, created in December as a forum for co-operation between Nato and the former Warsaw Pact members.

The problems between Russia and the other members of the Commonwealth of Independent States (CIS) were finally sorted out at a summit in Tashkent last month. The aim is that the CFE treaty will now be ratified by all its signatories in time for a summit of the 52-nation Conference on Security and Co-operation in Europe, due to be held in Helsinki at the beginning of next month.

However, one of the CIS states, Belarus, may not be able to ratify the treaty in time because it is still drawing up a constitution and because of domestic political opposition, according to officials here.

Most Nato and east European countries have already ratified the treaty, but Turkey has yet to do so. Once the treaty has been ratified by all its signatories, the arms cuts will have to be implemented over a four-year period.

Under the CFE treaty, the former Soviet republics have undertaken to destroy much more equipment than western countries, whose conventional forces in Europe have always been numerically smaller. But the treaty does not cover cuts in military manpower. That issue will be the subject of a new agreement, negotiations for which have barely got under way. Nuclear weapons and naval forces are also excluded from CFE.

Among the CIS states, by far the biggest cuts will be made by Russia, followed by the Ukraine and Belarus.

Brazil steps in as summit broker

By David Lascelles and Christina Lamb in Rio de Janeiro

The largest ever debt-for-nature swap in terms of face value was announced yesterday for projects in Bolivia, writes Christina Lamb. J.P. Morgan, the western bank, will donate the $11.5m (£6.3m) balance of its Bolivian debt to the Nature Conservancy and the World Wildlife Fund for environmental projects.

BRAZIL is trying to broker an agreement between the developed and developing worlds which would unlock financial resources to deal with global environmental problems.

At present, both sides are far apart, with Third World countries demanding large increases in aid, and donor nations anxious not to commit themselves to outlays over which they would have little control.

Brazil is proposing that money be advanced through overseas development assistance (ODA); the International Development Agency (IDA) and the Global Environment Facility (GEF) (both arms of the World Bank); the regional development banks; and private investment.

Significantly, the Brazilian proposals do not include the "Green Fund" which has been demanded by the Group of 77 (G77) developing countries. This has made Brazil's plan more acceptable to the donor nations who are resisting the creation of a new aid agency. But Third World countries might find it harder to accept for the same reason.

Mr Rubens Ricupero, the Brazilian chairman of the contact group discussing financial resources, said the proposals did not contain hard numbers. But officials said they estimated that the commitments would amount to $6bn-$9bn a year. Aid of $5bn (£2.7bn) has been mentioned as realistic.

Agreement on a financial package is crucial to the success of the Earth Summit. It will flesh out Agenda 21, the action plan which the Summit is supposed to approve. This will need massive financial support to enable Third World countries to play their part in dealing with global environmental problems.

Initial reactions from G77 countries on the Brazilian proposal were angry and last night's meeting of G77 ministers was expected to be stormy.

Mr Zulfikar Qureshi from Pakistan, which chairs the G77, said the GEF could only be acceptable as a fund if it was expanded in scope, financial resources and governance and added that such decisions should be taken at Rio.

Delegates muff throwaway lines

DIARY

THE less than environmentally aware behaviour of participants at the Earth Summit does not bode well for the meeting's outcome. The Rio Refuse Collection Authority complained yesterday that people were ignoring the signs and 160 special bins prominently placed throughout the centre asking them to separate their litter for recycling. "I wouldn't trust him to save the planet," grumbled one refuse collector as he watched an Australian ecologist throw a large piece of pizza into the bin for recyclable material.

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Bill Reilly, head of the US Environmental Protection Agency, continues to do a valiant job in leading the US delegation to Rio. On Thursday night, however, having just had his suggestions for a summit compromise rejected by the White House, he let the smiling mask down for a moment. Asked if he planned some eco-tourism in Brazil after the conference, the former World Wildlife Fund head responded: "Actually, the idea of going off faraway somewhere birdwatching has rather an appeal right now."

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Cellphones are probably the most concrete example in Rio of technology transfer from the industrialised world. Throughout the conference centre, in corridors, meeting rooms and bars, are people standing speaking into their black boxes, occasionally emitting impolite expressions of irritation as the batteries run out. Cellphone users have even infiltrated the meditation garden.

The secret to success with a cellphone is all about striking the right pose. To make other less well-equipped participants (such as the French delegation) turn really green one needs to capture that jaunty walk and serious expression indicating that one is talking matters of state crucial for the future of the planet and not let them hear that it is really an order for pepperoni pizza and cold beer.

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When world leaders gather next week for the climax of the world summit, who will chair the meeting? The Brazilians had to deal with this tricky question. And they found an age-old answer.

A huge round table capable of seating 126 people has been installed beside the main assembly hall. But what if this is not big enough to handle the 180 delegations? "They can all shove up a bit," says a Brazilian official.

Unemployment rise hits Bush campaign hopes

By George Graham in Washington

A SHARP and unexpected increase in US unemployment has thrown new gloom onto President George Bush's already tattered re-election campaign. The Labor Department said yesterday the unemployment rate climbed in May to 7.5 per cent, its highest level for eight years.

The statistics provided little encouragement for Mr Bush's efforts to win a second term in the White House, which have rested largely on the hope that the US economy would recover from recession in time for November's general election.

It has frustrated Mr Bush and his advisers that voters feel the recession more deeply than the economic data suggest, and that they have been slow to recognise that recovery has begun.

In a press conference on Thursday, the president gloomily cited a private poll in which 70 per cent of those questioned thought the economy was getting worse, although gross domestic product, industrial production and payroll employment were all increasing.

"I think most people would concede that my problems stem from this sluggish, anaemic economy. I assume the American people are fair enough to give credit when there's recovery," Mr Bush said.

Some of the discrepancy between the apparently mild recession and the sharp plunge in popular confidence was explained this week by a substantial revision to past employment data.

The revised statistics show employment fell by 2.2m during the 18 month recession, 30 per cent more than previous data had suggested.

Mr William Barron, acting commissioner of labor statistics, said jobs were now being created, but too slowly to absorb the growth in the labour force.

The department said the number of jobs in the non-farm sector rose by 68,000 in May, to total 108.45m, continuing a slow upward trend evident since the beginning of the year.

But 331,000 people entered the jobs market – many of them young people leaving school or college – and Mr Barron said the labour force had grown by 1.8m in the last six months.

Only the service sector is creating new jobs, with jobs still being cut in the retail sector, and manufacturing employment showing little change.

"Manufacturers are expanding hours, not payrolls," said Mr Ed Yardeni, economist at brokers C J Lawrence, who noted that the average factory working week of 41.3 hours was at its highest level since 1966.

Perot spells out free-trade threat

By Jurek Martin in Washington

MR ROSS PEROT, the prospective independent presidential candidate, would drastically cut imports from Japan and believes the free trade agreement with Mexico would seriously undermine American manufacturing.

In the most specific interview he has yet given on economic and trade policy, he told the Los Angeles Times that "we cannot be a superpower if we cannot manufacture here".

Though describing himself as "a fair and free trader", he asserted that "the agreements we've cut with countries around the world are not balanced at all". Describing US trade with Japan as "a tilted deck", he said he would tell the Japanese "in a nice, diplomatic way, we'll take the same deal on cars we've given you".

However, he did say he thought the US could learn from Japan by "targeting industries of the future and making sure sacrifice in corporations starts at the top".

Free trade with Mexico inevitably meant the export of US jobs, he said. "Labour is a 25-year-old with little or no health-care expenses working for a dollar an hour. You cannot compete with that in the USA, period," he asserted. Although he added that his attitude towards trade policy was not set in concrete.

So far this year, the sort of economic nationalism represented by Mr Pat Buchanan on the Republican side and Mr Jerry Brown for the Democrats has been indifferently received.

Both President Bush and Governor Clinton have generally opposed protectionism. But Mr Perot is a more potent populist and his arguments could well force the issue back to the forefront of the national debate.

So may some of his reflections on domestic economic policy. He believes the country's future lies with small business, which he says are being starved of credit. He dismissed US big business as part of the establishment. "The status quo works for them right now and I'm talking about major, major changes," he said.

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Japan's current account surplus increases 22%

By Steven Butler in Tokyo

JAPAN'S April current account surplus rose by 22.1 per cent over a year ago to \$9.99bn (£5.5bn), reflecting a strong growth in exports and a slower increase in imported goods.

The rising surplus continues a trend established in the past year, although the pace of increase has slowed and April's current account surplus actually fell on a seasonally adjusted basis to \$12.39bn, from \$15.51bn in March.

Japan's trade partners may be relieved to see the pace of growth in Japan's current account surplus moderating, but there is no sign yet that the underlying trends are likely to reverse.

Japan's current account surplus had been on a declining trend until last year when imports began to fall and exports increased as a result, in part, of the slowdown of Japan's economy.

An official of Japan's Ministry of Finance said the 13 per cent year-on-year rise in exports to \$26.58bn was supported by a 20 per cent rise in exports of automobiles, as well as increases in semiconductors and machinery exports. Imports rose by 11.1 per cent to \$16.58bn, boosted by large increases of food and textile imports.

The official said the rise in the trade surplus was influenced by changing prices more than changing volumes of imports and exports.

Japan last month returned to its usual position as a net exporter of long-term capital after many months of importing capital.

The long-term capital account showed a net deficit of \$3.48bn, compared to a surplus of \$8.84bn in March.

The balance of payments figures show that foreigners net purchases of Japanese equities fell from \$2.63bn to \$1.37bn.

Net purchases of bonds worth \$1.63bn in March turned into net sales of \$3.65bn in April.

Japanese investors have meanwhile turned into net buyers of foreign bonds, worth \$4.88bn in April, compared with sales of a similar amount in March.

Foreign direct investment on Japan soared 56 per cent to \$4.3bn (£2.36bn) in the year to the end of March as foreign companies took advantage of the decline in Japanese land prices to expand their sales outlets, writes Stefan Wagstyl in Tokyo.

Figures published yesterday by the Ministry of Finance showed foreign companies increased their investments in Japan to a record level. Foreign businesses were particularly active in buying distribution companies, warehouses, and wholesale and retail outlets.

Bankers specialising in inward investment said foreign direct investment in 1992-93 could increase further as many American and European companies saw the decline in Japanese asset prices and the slow down in the Japanese economy as a rare opportunity to invest.

Meanwhile the ministry's report also showed that Japanese direct investment overseas declined sharply for the second year in succession – by 26.9 per cent to \$41.6bn. Japanese companies' appetite for foreign investment was curbed by the constraint on fund-raising caused by the decline in the Tokyo stock market, the recession in world property markets, and the global economic slow down.

Silence is Arab legacy from Six-Day war

Tony Walker looks at Egypt's reluctance to examine Nasser's role in the 1967 defeat

IN the Arab world, and in Egypt in particular, it is known as the *naqba*, or disaster. People are not obliged to be any more specific when referring to the 1967 Six-Day war in which the Arab armies were humiliated and swathes of Arab territory fell under Israeli control.

While Israelis dance triumphantly before the Wailing Wall to celebrate the 25th anniversary of the reunification of Jerusalem under Jewish control, the Arab world remains quiet about a bitter memory that time has not erased.

In Egypt, the normally voluble press tip-toes around the issue, and retired public figures who had some role in the war find it inconvenient to respond to journalist's requests for interviews.

Like a family scandal there is a conscious attempt to pretend that it didn't really happen. Remarkably, in the past 25 years there has been no serious investigation of the steps which led towards the war.

"It was a very, very humiliating war," says the revisionist Egyptian historian, Dr Abdel Azim Ramadan. "What happened in June 1967 had never happened throughout Egypt's whole history. Egypt had a big army, a strong army and a lot of weapons, and that all disappeared not in six days, but in a few hours." Dr Ramadan, a university teacher and newspaper columnist, is one of very few Egyptian intellectuals who has tried to deal squarely with 1967, and with the responsibility for the disaster of President Gamal Abdel Nasser.

His book, Destruction of Idols: The Story of the 1967 war, ascribes the defeat to the "rottenness" of a system which accorded dictatorial power to the very few.

"The June war was the outcome," he says, "of a political order which could produce nothing except defeat ... faults couldn't be rectified because only criticism can rectify faults and no-one could write or say anything against the regime without getting heavy punishment."

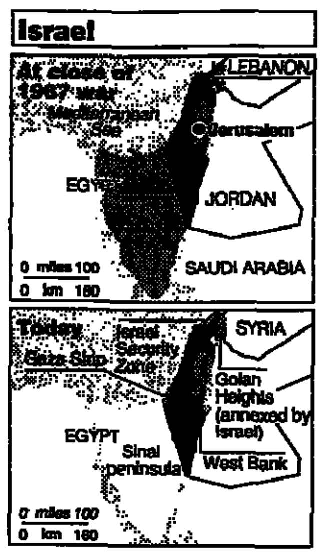
Criticism of Mr Nasser, a towering figure in the Arab world before the 1967 disaster, is painful for prominent Egyptians even today, since many were caught up in the nationalist fervour of the time. There is a tendency, therefore, to try to excuse Mr Nasser's mistakes and to find other scapegoats, among them Field Marshal Abdel Hakim Amer, the military commander, who later committed suicide (some insist that he was murdered).

But even for those most protective of Mr Nasser's historical reputation, including his confidant, the newspaper editor and columnist Mohammed Hassanein Heikal, it is impossible to disguise the dimensions of Mr Nasser's political mistakes in the weeks before the war, and his under-estimation of Israeli military capabilities.

It was Mr Nasser who, by withdrawing permission for the stationing of a UN deterrent force on Egyptian soil, by blockading the Strait of Tiran to Israeli shipping and by re-deploying Egyptian troops in the Sinai, gave Israel the pretext for its devastating pre-emptive strike, its *casus belli*.

It was also Mr Nasser's decision, under pressure from both his Soviet quartermasters and the US, to refrain from firing the first shot, thus denying his military the element of surprise. In the event, the war was effectively over in a few hours early on June 5 after Egypt's air force was demolished on the ground.

Whatever the reasons for Mr Nasser's folly, and there is some evidence that he hoped the gravity of the situation would quickly attract international intervention, as was the case in the 1956 Suez crisis, the 1967 war marked a colossal watershed in Arab affairs.



Mr Tahsin Bashir, a former spokesman for Mr Nasser, believes that the Nasser revolution, with its secular Pan-Arabist flavour, was killed in June 1967. The death of Nasserism contributed to the re-birth of religious fundamentalism across the region, and a surge in "Palestinianism", as the Palestinians came to the painful conclusion they were deluding themselves in relying for their salvation on Arab regimes.

On the odd occasions that mainstream Arab commentators have sought to deal with the legacy of 1967, they have not been able to resist reference to "conspiracy", that staple of much Mid-eastern discourse about the many misfortunes to have befallen the Arabs.

Thus, to this day, attempts are made to explain away the disaster by referring to an alleged collusion between the US administration of President Lyndon Johnson and Israel, but no strong evidence supports a contention that senior US officials were party to a plot to entrap Mr Nasser.

Indeed, there are some Arab writers who believe that an attachment to a conspiracy theory to explain the mistakes of 1967 is foolish and counter-productive. Mr Gamil Mattar, a columnist in the London-based Arab daily, Al Hayat, writes: "Some of the Arab politicians, especially those who were the main players, have deliberately used the term plot. The word plot is always used by those who have been politically or militarily defeated to cover up for their inadequacy. They do not want to admit that their enemy's political strategy is superior to theirs ... the idea of the plot has led in turn to an extension of the repercussions of defeat."

Jerusalem: ethnic powder keg. Weekend Section, Page I

Bombs mar talks on peace troops for UN

JAPANESE politicians were locked in intense negotiations last night over the passage through the Diet of a bill which would allow Japanese troops to serve in United Nations peacekeeping missions, writes Stefan Wagstyl.

The bill, which went through the lower house last December, passed through a key upper house committee amid uproar in the early hours of Friday.

More than 500 people demonstrated outside the Diet during the committee's night-time sitting. Two small bombs exploded outside the office of one member of the ruling Liberal Democratic party and outside the home of another.

The bill would allow Japanese troops to take part in peacekeeping missions, but not in front-line roles, such as monitoring ceasefires, only in support roles, such as transport.

Divisions in the Diet reflect the anxiety which the bill has caused: while some Japanese support the government's case that Japan must play a bigger world role, others argue the bill infringes the country's pacifist constitution.

The LDP pushed the bill through the committee with the support of the small centrist parties in the face of protests from the opposition Social Democratic party.

Share and stock broker Harshad Mehta (left), key suspect in India's worst financial scandal, is arrested in Bombay yesterday. He was later charged with fraud and bribery

ANZ Grindlays sets aside Rs4bn in Indian scandal

By Richard Waters and R C Murthy in Bombay

ANZ Grindlays, the Australian-owned bank, yesterday bowed to a request from the Reserve Bank of India, the central bank, to set aside more than Rs4bn (£77m) to cover its potential exposure to the Bombay securities scandal.

However, Grindlays, India's biggest foreign-owned bank, continued to deny any liability to repay the money, which is being claimed by the National Housing Bank (NHB), itself a subsidiary of the central bank. Grindlays said it has told the central bank "it will take such steps as are required to ensure that sufficient resources are available to meet any liabilities that are determined without prejudice to [the bank's] rights and contentions."

According to the Reserve Bank, Grindlays paid five cheques from NHB totalling more than Rs4bn into a current account it ran for Mr Harshad Mehta, the broker at the centre of the affair, even though the cheques were made out to Grindlays itself.

Mr Mehta appeared before magistrates in Bombay yesterday charged with fraud and bribery, along with nine others. This followed two more arrests earlier in the day, of Mr C L Khemani, deputy managing director of the State Bank of India, and an assistant manager from the NHB. All were remanded in police custody for 14 days.

Meanwhile, Standard Chartered, which the central bank says has an exposure of Rs10.55bn in the affair, is understood to have been in talks throughout the week to recover assets from brokers who received the money.

The negotiations are so far believed to have been unsuccessful, and the bank is coming under increasing pressure to take legal action to recover assets – a step that could involve it in a lengthy dispute through India's notoriously slow judicial system.

Mr R Janakiraman, the central bank deputy governor whose investigation has revealed that Rs30.8bn in all was diverted from the banking system, said he had traced the money into the accounts of various brokers.

Mr Janakiraman has not yet discovered how the money was used, but said he believed very little, if any, of the money had been taken out of the country.

Mr S Venkitaraman, central bank governor, said: "We are acting on some leads, and feel confident we will be able to recover assets." He denied pressurising Grindlays to set money aside because he wanted to protect his own subsidiary, the NHB, but accepted there was a potential conflict of interest in the central bank owning and regulating banks.

■ Anger over government assurances ■ 350 jobs to be lost ■ Labour seeks ministerial meeting

BP division to close Scots HQ

By Neil Buckley and James Buxton

BRITISH Petroleum's exploration arm yesterday announced it was to close its Glasgow headquarters with the loss of 350 jobs, prompting a row over alleged breaches of guarantees given when BP took over the offices from Britoil, the former state-controlled oil company.

About 300 workers will be transferred over the next year to Aberdeen, where the majority of BP's 5,000 Scottish employees are based and which will become an integrated headquarters for exploration and production across Europe. A further 350 people will be made redundant.

Mr John Browne, the chief executive, said that the move was prompted by the need to cut costs, and the shift towards smaller and less economic fields in the North Sea.

BP Exploration is the largest operator in the UK sector of the North Sea with an output of nearly half a million barrels of oil a day.

Mr Fergus MacLeod, industry analyst at County NatWest in Edinburgh, said the action was expected, and was likely to save BP about £50m a year.

The St Vincent Street offices in Glasgow passed to BP when the company acquired Britoil in a £2.5bn takeover in 1988. Sir Peter Walters, then BP chairman, gave written assurances to Sir Peter Middleton, then permanent secretary at the Treasury, including that Glasgow would become the business headquarters of the combined BP/Britoil upstream business in the UK. The assurances were repeated in the Commons by Mr Nigel Lawson, then chancellor.

Mr Donald Dewar, shadow Scottish secretary, said yesterday's announcement was a "flagrant breach" of those guarantees. "The guarantees were worthless and the deal sold on a false prospectus. This raises major issues of political honour and the way this government deals with multinationals." He said he would press for a meeting with ministers.

Mr George Galloway, Labour MP for Glasgow Hillhead, said BP were "corporate liars".

The government initially retained a "golden share" in Britoil, but redeemed that in 1990. Ministers said at the time that they were happy that BP had fulfilled its pledges on Britoil.

BP said Abbey National Life had agreed to lease two of the Glasgow building's six floors as a life assurance centre and was considering whether to take further space.

Fresh fields: BP Exploration's will move its base and 300 staff from Glasgow to Aberdeen over the next year

Canary Wharf sale is readied

By Vanessa Houlder, Property Correspondent

NO MORE than "half a dozen serious players worldwide" would be interested in rescuing Canary Wharf, according to the administrators of the £1.5bn project in the London Docklands.

The administrators are putting together information needed by potential purchasers about leases, construction contracts, the project's financial structure and the costs of the promised contribution to the Jubilee Line extension.

They were non-committal about the prospects of finding investors for the project, which may face liquidation unless new funds are provided to pay creditors and complete vital construction work.

"It is too early to say it will definitely go into liquidation," said Mr Nigel Hamilton, one of three administrators from Ernst & Young, the accountancy firm appointed nine days ago. The decision to seek protection against the project's creditors followed similar action in Canada by Olympia & York, its parent company.

The administrators declined to discuss the nature, price or timing of potential deals. Mr Hamilton said: "It would be invidious to put a timescale on negotiations."

Unsecured creditors, including building contractors, are owed £50m, the administrators disclosed. They put the total cost of the project at £1.5bn.

At a meeting with the administrators on Thursday night, Lord Wakeham, who is co-ordinating the government's response to Canary Wharf's administration, told the administrators to negotiate directly with individual departments about potential lettings to civil servants.

Lord Wakeham also confirmed the government's position that Olympia & York or a purchaser of Canary Wharf should honour the agreement to contribute £400m to the extension of the Jubilee Line. Mr Stephen Adamson, one of the administrators, said the meeting had been "helpful".

Mr Adamson said the importance of the civil servants' move to the project depended on the amount and price of the space taken. "It might be important; it might not be," he said.

In Canary Wharf's bank borrowings of just over £1.1bn, there are two main facilities, a £570m loan from 11 international banks which is secured on the project, and a £400m loan from four Canadian banks: Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada and the Bank of Nova Scotia.

TGWU opposes Labour reforms

By David Goodhart, Labour Editor

THE TGWU general union, Britain's biggest union and the largest affiliate to the Labour party, yesterday signalled its intention to block any radical reform of the link between the unions and the party.

Mr Bill Morris, TGWU general secretary, said his union would draft a motion for this year's Labour conference that would reject most of the reforms being canvassed, including the idea of giving party membership status to union members who pay the political levy.

He suggested, however, that his union executive believed there could be radical reform of the Trades Union Congress. Mr Morris said the TUC should stop "reinventing the wheel" by performing functions individual unions could do for themselves, and should abandon the fiction of influencing the government with its alternative economic analyses.

Mr Morris refused to say that Mr Norman Willis, TUC general secretary, was the right man for the job. "We work with the leader we have," he said.

The TGWU statement on union-Labour links is the latest sign of opposition to the radical shake-up in the relationship that was envisaged after the general election.

All three candidates for the deputy leadership of Labour are now stressing the importance of retaining the link, and the Nupe public-service union warned last week that unions would not go funding Labour if they had no direct influence in the party.

Several unions, including the TGWU and the GMB general union, oppose the Labour national executive committee's proposal to exclude unions from selection and reselection of party candidates.

Mr Morris also defended the TGWU against charges that its backing for Mr John Smith and Mrs Margaret Beckett as Labour leader and deputy leader respectively was not justified, given the small number of union members who were consulted.

Dentists expected to hold ballot on fees cut

By Alan Pike, Social Affairs Correspondent

BRITISH Dental Association leaders meet today to decide whether to ballot their members on action over the government's plans to cut dentists' fees.

The association's board is almost certain to proceed with a ballot that would offer Britain's 18,000 dentists a range of options, including complete withdrawal from providing National Health Service treatment. Other possible forms of action include a ban on accepting new adult NHS patients and refusal to co-operate with NHS administration.

The immediate cause of the dispute is a decision by Mrs Virginia Bottomley, health secretary, to reduce dentists' fees by 7 per cent. Fee scales need to be cut, the government says, because dentists' earnings are exceeding the recommendations of the doctors' and dentists' pay review body.

The dispute is exacerbated by a long period of strained relationships between dentists and the government over a contract introduced in October 1990. Discontent with the contract has led some dentists to withdraw from NHS work, and more are threatening to do so if fees are cut.

The review body recommended an 8.5 per cent increase in dentists' net remuneration for 1992-93 and set average net earnings at £35,815. Ministers accepted that but say the present scale of fees on which dentists' payments are calculated would provide incomes "substantially more" than those proposed by the review body.

The government believes it would require a 23 per cent reduction in fees to bring dentists' remuneration to the recommended level. It says the proposed 7 per cent cut would still give dentists an average of £40,000 this year.

Dentists' negotiators have rejected the proposal. Further talks are scheduled for June 17 but, with neither side expecting the other to move, the BDA ballot is likely to start soon afterwards.

The dispute over the proposed fees reduction has brought to a head simmering tension about the contract, which marked a shift from payment per procedure to flat-fee arrangements. Dentists say their relative pay position declined in the 1980s, and claim the contract is administratively complex and undervalues preventative work.

Mr Michael Watson, the BDA's head of employment services, said yesterday: "The reaction of most dentists to a 7 per cent fees reduction would be to try to recover the loss by doing 7 per cent more work, and this would not be good for the rational organisation of the service."

Mrs Bottomley says the government is committed to a fundamental review aimed at developing a more effective remuneration system, under which the health department and dentists' representatives negotiate expenses scales intended to achieve the review body's recommendations on net pay.

Many dentists would support such a move, but would not want the review to take place in the middle of a dispute.

Pressure put on ministers over London's hospitals

By Alan Pike

THE FUTURE of London's hospitals – one of the most sensitive post-election health issues to face the government – began exerting political strain on ministers yesterday.

Demands by Labour MPs for a ministerial statement on financial difficiulties in London's health service were ignored in the Commons but are likely to be renewed next week.

There is broad acceptance that central London is over-provided with hospital beds, and a government inquiry under Sir Bernard Tomlinson is examining health provision in the capital.

The four London health regions received relatively generous financial settlements this year – £417m more than their precise entitlement – in the hope of buying stability during the Tomlinson inquiry. Nevertheless, some hospitals and health authorities face serious financial pressures.

Bloomsbury and Islington district health authority is seeking to contain a projected £19m overspend and 200 jobs may be at risk. The Middlesex and University College teaching hospitals may be affected, while the Elizabeth Garrett Anderson women's hospital is threatened with closure.

The financial difficulties of central London teaching hospitals are intensified by the new contract-based system of funding health care. Health authorities in the Home Counties are treating more patients locally rather than sending them to London hospitals, which are relatively expensive.

Sir Bernard is giving Mrs Virginia Bottomley, health secretary, regular briefings but he is unlikely to report before the autumn. The health department has denied reports that Mrs Bottomley had asked Sir Bernard to report by August.

Later this month, the influential King's Fund health policy think tank will publish the results of its own investigation into health provision in London, and ministers intend to take that into account.

Mrs Bottomley said yesterday it would be "for ministers to take the difficult decisions". They would be made in the best interests of the health service and patients in London and the rest of the country.

The decisions are likely to prove extremely difficult. There is considerable agreement in the NHS that London has excessive teaching hospital provision and relatively poor local services in some parts of the city, but a decision to close world-famous institutions would meet strong resistance.

Running of atomic unit is put out to tender

THE GOVERNMENT is to go ahead with the privatisation of the management of its nuclear weapons programme and has asked four companies to bid for the contract, Daniel Green writes.

Mr Jonathan Aitken, defence procurement minister, said the defence ministry had invited tenders to manage its Atomic Weapons Establishment unit based in Aldermaston, Berkshire.

The contract will run for seven years from April next year and will principally involve the Trident nuclear submarine programme.

The four companies invited to bid are British Aerospace, Rolls-Royce, GEC and the Hunting-Brae naval shipbuilding consortium, which has been involved in running AWE since October 1990 in a pilot for the privatisation.

Torus scientists vote for strike

ALMOST 200 scientists on the Joint European Torus project based in Abingdon, Oxfordshire, voted by a three-to-one majority for strike action.

The IPMS Civil Service union said this was the latest step in a 10-year battle for pay parity with European colleagues on Torus who earn twice as much.

BCCI payouts

THE Deposit Protection Board had paid by May 28 a total of £1.6m to 450 depositors in the collapsed Bank of Credit and Commerce International, Mr Anthony Nelson, economic secretary, said in a Commons written answer yesterday.

Correction: Mr Chris Kenyon

YESTERDAY'S issue of the Financial Times quoted Mr Chris Kenyon, chairman of Manchester University's council, as saying Manchester Business School was run by an advisory body rather than the school's council. What Mr Kenyon said was that the school's council was only an advisory body.

Hoteliers face lengthy wait for recovery

Philip Rawstorne and Chris Tighe find little room for optimism

IT WILL take Britain's hoteliers at least another 18 months to climb out of last year's business trough.

Mid-way through 1992, it is clear that recovery by the year end is unlikely to restore the industry to the profit levels of 1990. A survey by Expotel Hotel Reservations this week showed that tariff prices of hotel rooms in Britain in the year to April fell for the first time for 10 years, with average room rates 1 per cent lower.

Industry analysts suggest that that grossly understates the combined effects on hotel prices last year of the loss of trade due to the Gulf War, UK recession and the sterling-dollar exchange rate.

Business travel fell by nearly 11 per cent under the impact of company cost-cutting. Overseas business demand never recovered from the Gulf War and was 10.6 per cent lower. Bookings by holidaymakers from abroad were 20 per cent down as the number of North American visitors during the summer fell by 45 per cent.

The bigger hotel chains recouped some of the losses by developing short-break leisure packages. The domestic leisure sector grew from less than 10 per cent to 14 per cent of the total hotel market during the year, but smaller chains and independent hotels lost share. In total, demand for hotel rooms fell by 8.8 per cent – a loss of 2.45m room nights.

Mr Paul Slattery, of Kleinwort Benson, the merchant bank and securities group, estimates that average achieved room rates fell by about 25 per cent. In London, which bore the brunt of the downturn, "discounts of 50 per cent from the published room rates were not uncommon," Mr Slattery said, "and in an attempt to win contract business, such as air-crews, some chains discounted even further."

Some hotels held room prices but provided additional services and facilities free.

Mr Bruce Jones, analyst at Smith New Court, said: "One of the most notable developments of the year was that people got into the habit of asking for discounts."

Hoteliers are reluctant to admit that room rates will remain under pressure. "Bargains? I can't see it," said Mr Norbert Petersen, senior operations director for Mount Charlotte, which has 105 hotels, with 14,180 bedrooms, throughout Britain. "It's always horses for courses. We all have increased costs – and shareholders."

Mr Peter Cashman, group general manager of Friendly Hotels, with 21 three-star hotels from Perth to Eastbourne, said his business had held up because its prices were already very competitive. Like some other chains, Friendly Hotels had not increased its prices in the last year; it had, however, stepped up promotion and sales activity.

Mr Martin Marcus, deputy chairman of Queens Moat Houses, with 103 British hotels, admitted that Gatwick had been a black spot and described the Expotel report's claim that Gatwick three-star hotel prices had dropped by 15.31 per cent as conservative.

Overall, he said, there was now some optimism. "I feel it, but I haven't yet seen the figures to show it."

Nevertheless, Kleinwort Benson's estimates suggest that average achieved room rates this year will grow by less than 4 per cent and that it will be the mid 1990s before they again reach 1990 levels.

Competition will remain fierce. The leisure market has been flat and business demand for rooms is expected to grow by only 3 per cent this year.

Hotels in London and other big cities that suffered more than those in Scotland and the English provinces may now fare better. The bigger chains are expected to squeeze more business out of the smaller operators; and the attrition of the downmarket, underfunded end of the industry will continue. In today's climate, the prospects for Fawlty Towers looks grim.

Docklands move plan arouses resistance

By John Willman, Public Policy Editor

MORE than a thousand civil servants from the Department of the Environment held an angry meeting in London yesterday to protest against plans to move them from Westminster to Docklands.

The meeting, organised by four Civil Service unions, heard calls for a campaign – including industrial action – to stop the move.

"Hell, no, we won't go!" said one civil servant to loud applause, echoing the slogan of US draft dodgers during the Vietnam War. Another demanded that staff unwilling to move to Docklands should be found alternative work in other Whitehall departments.

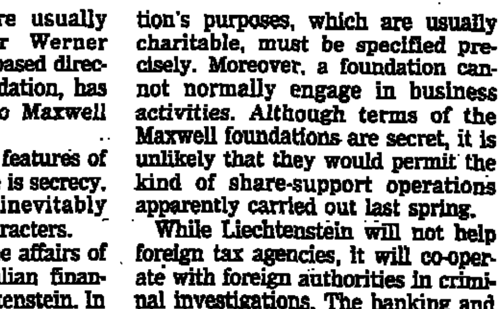
Mr Michael Howard, the environment secretary, said on Tuesday that Canary Wharf was among three sites under consideration for rehousing civil servants from its Marsham Street headquarters which are due for demolition. The other two are Harbour Exchange and East India Dock, both on the Isle of Dogs.

Speakers at the protest meeting queried the economics of the move. Mr Paul Noon of the Institution of Professionals, Managers and Scientists challenged ministers to publish the figures, which, it was claimed, show that relocation to Docklands represented good value for the taxpayer.

Another 3,000 civil servants are expected to join the Environment Department staff in Docklands, from, among others, transport and radiocommunications.

A secret world keen to shake off a shady reputation

Robert Maxwell's links with Liechtenstein have again cast a dubious limelight on the tiny principality. **Ian Rodger** looks at the pros and cons of the tax haven



ONE of the frustrating things about Liechtenstein is finding it on a map. The principality is so small that its outlines tend to get obscured among the motorways, rivers and town names in the border region between Austria and Switzerland.

Such geographical elusoriness adds to the slightly shady and mysterious image that Liechtenstein has acquired as a result of scandals involving individuals whose ill gotten gains it helps to conceal.

It is an image that the principality's leaders want to destroy. They see their country as a harmless little enclave trying to make its way in a difficult world, and they are dismayed that Robert Maxwell apparently abused their laws and regulations as egregiously as he did those in Britain.

Liechtenstein is one of the handful of small countries that thrive by helping rich individuals and companies to conceal their assets from tax inspectors. They attract that clientele with a number of strategies. The most important is very low tax rates.

Foundations of the kind set up by Mr Maxwell pay no income tax in Liechtenstein and face an annual levy on capital or net worth of 0.1 per cent.

Such countries also eschew double-taxation agreements with other countries and they permit locally established companies, trusts and foundations to operate in great secrecy.

According to Mr Bryan Jeeves, a British trust adviser based in the principality, the number of companies, trusts and foundations set up by and for foreigners in Liechtenstein – often called letterbox companies – now numbers about 100,000.

The spread of companies is global, according to Mr Jeeves, and the taxes paid, although low, accounted for about a fifth of the principality's SFr361m in direct revenues in 1990.

When the taxes of the banks, legal practices and their employees are added, the economic importance of this activity is clear. The substantial revenues from it also mean that corporate and individual income tax rates can be relatively low.

Some tax havens, such as Monaco and Jersey, have gone further, inviting foreign banks and the nervous rich to settle. But Liechtenstein has severely restricted immigration, fearing that its population of 29,000 and its tiny banking and legal fraternities would be overwhelmed.

Thus, even though people such as Mr Maxwell set up trusts and foundations in Liechtenstein, the assets owned by those entities, including cash and securities, are usually located elsewhere. Mr Werner Keicher, a Liechtenstein-based director of the Maxwell Foundation, has stated that there are no Maxwell assets in the principality.

Because one of the key features of the Liechtenstein package is secrecy, the principality has inevitably attracted some shady characters.

In the 1970s, some of the affairs of Michele Sindona, the Italian financier, were traced to Liechtenstein. In the Chiasso affair, a manager of Crédit Suisse embezzled SFr2.2bn of clients' money in the late 1970s and hid it in Liechtenstein. Two years ago, Mr Christian Norgren, a prominent European banker, was caught routeing insider purchases of US shares through a Liechtenstein establishment.

At the beginning of this year, evidence emerged that Mr Maxwell was using at least one of his Liechtenstein-based foundations to conceal the source of share purchases aimed at propping up the share price of Maxwell Communications (MCC).

Under Liechtenstein law, a foundation's purposes, which are usually charitable, must be specified precisely. Moreover, a foundation cannot normally engage in business activities. Although terms of the Maxwell foundations are secret, it is unlikely that they would permit the kind of share-support operations apparently carried out last spring.

While Liechtenstein will not help foreign tax agencies, it will co-operate with foreign authorities in criminal investigations. The banking and legal fraternities accept new clients only on referral from reputable banks and solicitors.

In the Maxwell case, no one in Liechtenstein had any suspicions about the foundations. Indeed, until late last year, the trust firm that looked after Maxwell was much envied for having such a prestigious client.

With the trend towards European political and economic integration, there is anxiety in Liechtenstein that it will soon have to give up its tax-haven status and/or open its doors to foreign bankers and solicitors.

FINANCIAL TIMES

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READER SURVEY

At the Financial Times it is important for us to know more about you, our readers, so that we can continue to produce a better newspaper for you. Whether you read the Financial Times regularly or only occasionally we would be grateful if you could help us by completing and returning this questionnaire. The survey results will be used by both our editorial and marketing departments.

Your reply will be treated in strictest confidence by RSL, a leading independent market research company. For each reply we receive we will make a donation of one US dollar to a selected charity as a token of appreciation for your help.

Please complete and return the questionnaire using the folding instructions on the reverse.

Thank you for your help.

Yours sincerely,

David Palmer
Chief Executive
Financial Times

ABOUT YOUR READING OF THE FINANCIAL TIMES

PLEASE ANSWER THE QUESTIONS BY PUTTING A ✓ IN THE APPROPRIATE BOX, OR BY WRITING IN THE SPACE PROVIDED.

Q1 How often do you usually read or look at (cc1)
a) The Saturday Financial Times?
b) The Monday to Friday copies of the Financial Times?

	(a) Saturday FT	(b) Monday to Friday FT
Very frequently – at least 4 issues out of 5	1 (13)	1 (12)
Quite often – 2 or 3 issues out of 5	2	2
Less often	3	3
Never	4	4

Q2 Where do you usually read the Financial Times? (PLEASE TICK ANY THAT APPLY)

	(a) Saturday FT	(b) Monday to Friday FT
At work	1 (15)m	1 (14)m
At home	2	2
While travelling	3	3
Elsewhere	4	4

Q3 How many other people usually see your copy of the Financial Times?

	(a) Saturday FT	(b) Monday to Friday FT
One	1 (17)	1 (16)
Two	2	2
Three	3	3
Four	4	4
Five or more	5	5
No-one else	0	0

Q4 On which day of the week do you normally read the Saturday Financial Times? (PLEASE TICK ANY THAT APPLY).

- Saturday 1 (60)m
- Sunday 2
- Monday 3
- Tuesday or later 4

ABOUT TRAVEL & HOLIDAYS

Q5 Approximately how many international air trips have you taken, in the last 12 months? (PLEASE COUNT A RETURN OR ROUND TRIP AS ONE)

	(a) On Business	(b) For Pleasure
None	0 (18)	0 (19)
1 - 2	1	1
3 - 5	3	3
6 - 9	6	6
10 - 20	8	8
21+	9	9

Please answer Q6 if you have travelled on business, if not please go to Q7.

Q6 For business trips, which class of air travel do you usually fly?

- First 1
- Business/Club Class 2
- Economy 3 (20)m

Q7 Which of the following destinations outside your country of residence have you flown to on business or pleasure in the last 12 months? (PLEASE TICK ANY THAT APPLY)

Belgium	1 (21)m	Middle East/North Africa	1 (23)m
France	2	Other Africa	2
Germany	3	USA	3
Italy	4	Canada	4
Netherlands	5	Central/South America	5
Nordic Block	6	Japan	6
Spain	7	Hong Kong	7
Switzerland	8	Singapore	1 (24)m
United Kingdom	9	Other Asia	2
Other Western Europe	1 (22)m	Australasia/South Pacific	3
CIS/Other Eastern Europe	2		

Q8 Which, if any, of these types of holiday, including those added on to business trips, have you taken in the past two years? (PLEASE TICK ANY THAT APPLY).

A summer sun holiday	1 (61)m	A visit to friends or relatives	1 (62)m
A winter sports holiday	2	A special interest package (eg music festival/safari/historical interest)	2
A winter sun holiday	3	A long haul holiday to an exotic destination	3
A spa or health farm holiday	4	A weekend or short break (2 or 3 nights) in hotel accommodation	4
A self-drive touring holiday	5	Other	5
An active sports holiday (eg tennis/golf)	6		

ABOUT YOUR OCCUPATION

Q9 What is your working status?

In full-time employment	1	Looking after home full time	5 (27)
In part-time employment	2	Unemployed	6
Retired	3	Other	0
Studying full time	4		

If you are not working, please go to Q12.

Q10 What is the principal activity of the company or organisation for which you work? (PLEASE BE SPECIFIC eg aircraft manufacturing, investment banking, medical research, management consultancy, etc).

______________________ (28 - 30)

Q11 Which of these best describes the position you hold?

Owner/Partner	1 (31)	Junior Executive	1 (32)
Chairman/President/CEO	2	Technical Specialist/Engineer	2
Managing Director/General Manager	3	Politician/Government Minister	3
CFO/Finance Director	4	Diplomat/Senior Government Officer	4
Director/Vice President	5	Consultant	5
Other Director	6	Other Professional	6
Department Head	7	Other (WRITE IN)	7
Middle Manager	8		

ABOUT YOU AND YOUR HOUSEHOLD

Q12 How many cars do you have in your household, including company owned or leased cars?

- None 0
- One 1
- Two 2 (40)
- Three or more 4

If you do not have a car, please go to Q14.

Q13 What is the engine size of your (main) car?

- Up to 1500cc 1
- 1501 - 1800cc 2
- 1801 - 2000cc 3
- 2001 - 2500cc 4 (63)
- 2501cc or more 5

Q14 Which, if any, of the following items do you have at home?

- Desk Top Computer 1
- Portable/Lap-top Computer 2
- Fax Machine 3
- Video Camera/Camcorder 4 (41)m
- Mobile Telephone 5
- Car Telephone 6

Q15 Which, if any, of the following types of investment do you or other members of your household own?

- Shares or options in the company for which you work 1 (45)m
- Stocks and shares quoted on your national exchange(s) 2
- Stocks and shares quoted only on foreign exchanges 3
- Stocks and shares in unquoted companies 4
- Government Securities 5
- Eurobonds/Other bonds 6
- Unit Trusts/Mutual Funds 7
- Commodity Futures/Options 8
- PEPs 1 (46)m
- Investment Trusts 2
- Offshore Investments 3
- Gold/Precious Metals/Gems (as an investment) 4
- Bank/Building Society Savings Account 5
- Life Assurance 6
- Property (other than main home) 7
- Collectables (art, antiques, coins, etc) 8

$ MAKE YOUR COMMENT COUNT $

Q16 How often, if at all, have you personally (or a broker/banker on your behalf) bought or sold stocks or shares on any exchange in the last 12 months?

- Once 1
- 2 - 3 times 2
- 4 - 8 times 4
- 9+ times 9 (47)
- Not traded 0

Q17 Taking all your savings and investments into account what is their approximate total value (excluding your main home)?

Less than US $45,000	1	US $450,000 - 899,999	5 (64)
US $45,000 - 89,999	2	US $900,000 - 1,749,999	6
US $90,000 - 174,999	3	US $1.75 million - 5.29 million	7
US $175,000 - 449,999	4	US $5.3 million or more	8

Q18 Which, if any, of the following items have you bought, for yourself or as a gift, in the last 2 years?

Paintings or sculpture	1	Couture/Designer label clothing	5 (65)m
Antique furniture	2	Leather briefcase, handbag or travel goods	6
Other antiques	3	A quality watch	7
Gems or precious jewellery	4		

Q19 From which, if any, of these brands/retailers have you bought goods in the last 12 months? (PLEASE TICK ANY THAT APPLY).

Aquascutum	1 (66)m	Daniel Hechter	1 (67)m
Burberry	2	Jaeger	2
Hugo Boss	3	Lacoste	3
Chanel	4	Karl Lagerfeld	4
Christian Dior	5	Marks & Spencer	5
Dunhill	6	Yves St Laurent	6
Giorgio Armani	7	Other designer label	7
Gucci	8	Any bespoke tailor	8

Q20 In which, if any, of the following sporting activities have you participated in the last 12 months? (PLEASE TICK ANY THAT APPLY).

Swimming	1 (68)m	Cricket	1 (69)m
Jogging/Running	2	Golf	2
Tennis	3	Hunting/Shooting	3
Squash	4	Boating/Sailing	4
Soccer (football)	5	Skiing	5
Rugby	6	Other sports	6

Q21a Do you own more than one home?

Yes 1 No 2 (70)

Q21b If yes, do you own a home outside your main country of residence?

Yes 1 No 2 (71)

Q22a What is your country of residence?

(PLEASE WRITE IN) ______________ (48-49)

Q22b What is your country of citizenship?

(PLEASE WRITE IN) ______________ (50-51) (52-53)

Q23 Are you ...

Male 1 Female 2 (54)

Q24 How old are you?

- Under 25 1
- 25 - 34 2
- 35 - 44 3
- 45 - 54 4 (55)
- 55 - 64 5
- 65 or over 6

Q25 Into which of the following broad ranges does your personal gross income from all sources fall?

- Up to US $34,999 1
- US $35,000 - 64,999 2
- US $65,000 - 109,999 3
- US $110,000 - 184,999 4 (56)
- US $185,000 or over 5

Q26 Which one of these charities should benefit from our dollar donation given on your behalf?

- Red Cross/Red Crescent 1
- UNICEF 2
- World Wide Fund for Nature 3
- Cancer Research 4 (57)
- Venice Restoration Fund 5

THANK YOU FOR YOUR HELP

PLEASE RETURN THE QUESTIONNAIRE ACCORDING TO THE INSTRUCTIONS ON THE REVERSE TO:

Mrs Dawn Mitchell
RSL – Research Services Ltd. (FTR)
Elmgrove Road,
Harrow,
Middlesex HA1 2QG
England

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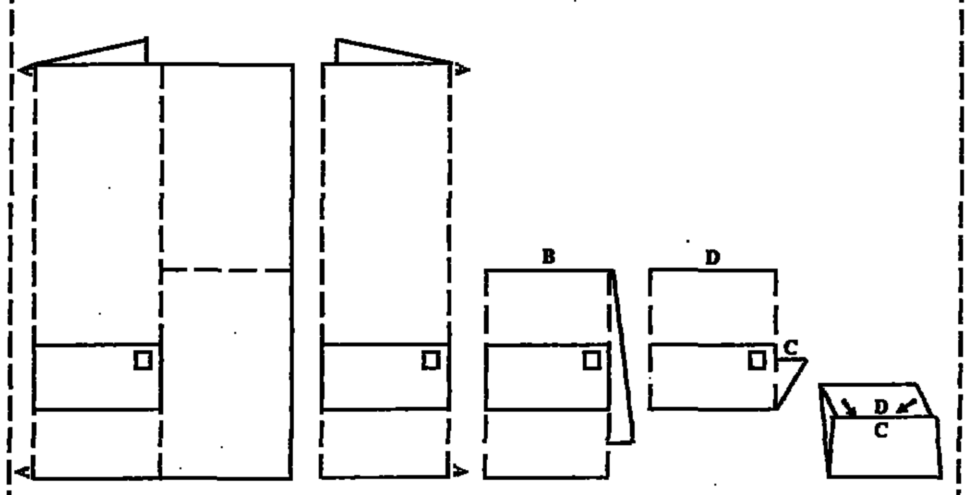
B

D (FLAP)



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Then, right side.

Fold in half along dotted line B.

Fold C upwards. Then fold D (flap) down.

Insert D (flap) into aperture C.

AFFIX STAMP HERE

Mrs Dawn Mitchell
RSL – Research Services Ltd
Elmgrove Road
Harrow
Middlesex
HA1 2QG
ENGLAND

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Thatcher generation dominates honours

By Alison Smith

MRS Margaret Thatcher's generation dominates today's dissolution honours list as it dominated the political landscape in the 1980s.

Those who contributed both to her political survival (such as Mr Cecil Parkinson and Mr Norman Tebbit) and to her downfall (such as Sir Geoffrey Howe and Mr Nigel Lawson) are among the 21 new life peers. Sir Ian Gilmour and Mr Peter Walker, longstanding members of the "wet" wing of the Tory party, are also honoured.

With many of the new peers expected to have taken their seats before the summer recess, the House of Lords is set to become the scene for as vigorous a debate on the future of the European Community as the Commons has been.

Mr Denis Healey, a former chancellor and often regarded as "the best leader Labour never had", leads the six Labour nominees, who also include Mr Merlyn Rees, a former home secretary, and Mr Jack Ashley, a former health secretary and a staunch campaigner on behalf of the disabled.

The notable absentee from Labour's list is Mr Michael Foot, the former cabinet minister and leader of the party, who stood down as an MP at the election.

Although Downing Street refuses to comment on such matters, Mr Foot is assumed to have refused a life peerage, rather than not to have been offered one.

THE Dissolution Honours list: LIFE PEERS: Margaret Thatcher, Bernard Weatherill, Nicholas Ridley, Cecil Parkinson, George Younger, John Moore, Sir Ian Gilmour, Peter Walker, Sir Geoffrey Howe, Nigel Lawson, Norman Tebbit, Julian Amery, David Owen, Peter Archer, Jack Ashley, Harry Ewing, Denis Healey, Denis Howell, Merlyn Rees, Dafydd Elis Thomas, Geraint Howells.
PRIVY COUNSELLORS: Robert Boscawen, Francis Maude.
KNIGHTS BACHELOR: David Trippier, Anthony Beaumont-Dark, Neil Thorne, Harold Walker.
DAME COMMANDER of the ORDER of the BRITISH EMPIRE: Baroness Serota of Hampstead.

Mr Geraint Howells, the former MP for Ceredigion and Pembroke North, is the Liberal Democrat life peer.

There had been speculation that in spite of her expressed view against it, Mrs Thatcher might be offered a hereditary peerage, as Mr Harold Macmillan was. She herself brought hereditary peerages back into practice, offering them to a former Speaker, Mr George Thomas (now Viscount Tonypandy) and to Mr William (now Viscount) Whitelaw, formerly a deputy prime minister.

Mr John Major, the prime minister, is said not to have any fundamental objection to hereditary peerages, so the life peerage for Mrs Thatcher may have contributed to the decision that Mr Bernard Weatherill, the former Speaker, should also become a life peer. Although a Tory, Mr Weatherill is likely to follow his predecessor and sit on the cross-benches as an independent.

The dissolution honours list can often seem almost a matter of form, but that was not the case for Dr David Owen, the former leader of the former Social Democratic party, for whom – lacking a party to put forward his name – a peerage was not inevitable. He will sit on the cross-benches as an independent social democrat.

An unexpected baron is Dr Dafydd Elis Thomas, former MP for Meirionnedd Nant Conwy, who will become the first Plaid Cymru life peer. When he announced his decision to stand down at the election, he told S4C, the Welsh-language television channel, that he had become disillusioned with the House of Commons as "an ineffectual body tied to outdated traditions and almost beyond reform".

Also notable is the inclusion of Mr Harry Ewing, the former Labour MP for Falkirk East, who entered the Commons in 1971. Mr Ewing was a junior Scottish Office minister from 1974 to 1979, but may have received his peerage as much for seniority within the Scottish party as for having held office. He was among the MPs who last year backed a bill to abolish political honours.

There are two new privy counsellors: Mr Francis Maude, whose election defeat in Warwickshire North prevented his probable appointment to the cabinet; and Mr Robert Boscawen, who retired as MP for Somerton and Frome.

Mr Harold Walker, who stood down as chairman of ways and means and first deputy Speaker at the beginning of the new parliament, is the only Labour MP to receive a knighthood – an honour he shares with three defeated Tories, including Mr David Trippier, a former minister, and Mr Anthony Beaumont-Dark, a widely quoted backbencher.

In his pursuit of a "classless society", Mr Major has made clear his desire to reform the honours system, and today's list is expected to be almost the last under the old rules.

BR axes Grimsby InterCity service

By Richard Tomkins, Transport Correspondent

FEARS THAT the privatisation of British Rail might lead to service cuts were reinforced by the announcement yesterday that south Humberside was to lose its InterCity link with London.

The service was one of 15 listed as vulnerable in a memorandum drawn up by a BR employee and leaked to Mr John Prescott, the shadow transport secretary, earlier this year. Another of the 15, the InterCity link between Shrewsbury and the capital, was axed last month.

The service to be cut is the daily InterCity train from Cleethorpes, Grimsby, Lincoln and Newark to London. It leaves south Humberside each morning, returning in the evening.

British Rail said the decision had been taken for commercial reasons. The 498-seat high-speed diesel train had typically carried fewer than 100 passengers between Grimsby and the east coast main line at Newark, and could be put to more profitable use elsewhere.

Withdrawal of the service will take effect with the introduction of the October timetable. After that, London-bound passengers will have to take a local train to Newark, then change.

Mr Edward Leigh, Conservative MP for Gainsborough and Horncastle, attacked the decision as "deplorable". He said BR had claimed there was no threat to the service.

Mr Prescott said he had warned this year that Tory cost-cutting and privatisation measures would bring cuts in services. "Sadly, my prediction is coming true."

Other services listed as vulnerable in the memorandum are those on the fringes of the InterCity network such as the lines beyond Plymouth in Devon, west of Swansea, north of Glasgow and Edinburgh, and beyond Doncaster to Hull. Mr Prescott's constituency is Hull East.

Offer for Hawes creamery refused

DAIRY CREST, the Milk Marketing Board subsidiary, yesterday rejected a £160,000 offer from the Hawes Dairy Rescue Committee for its cheese-making creamery in the North Yorkshire town, Chris Tighe writes.

Dairy Crest ceased production of Wensleydale and other cheeses at the factory last week to transfer production to Lancashire. It told local campaigners that their offer, increased from £120,000, was still substantially below its own valuation.

Mr John Blackie, rescue committee spokesman, said it would submit a final offer next week. He said premises had been lined up to start a new Hawes Wensleydale cheese factory if the offer was rejected.

Tebbit loses Lonrho appeal

LONRHO can proceed with its multi-million-pound damages claim against the Department of Trade and Industry and Mr Norman Tebbit, the former trade secretary, for alleged negligence during the 1985 takeover battle for House of Fraser, the Court of Appeal ruled yesterday.

An appeal by Mr Tebbit and the DTI to have the case struck out was dismissed. Mr Tebbit and the DTI were refused leave to appeal to the House of Lords and were ordered to pay Lonrho's legal costs, estimated at more than £50,000.

Shipyard pay deal

HOURLY PAID workers at Swan Hunter, the Tyneside shipbuilders, have accepted a two-year pay deal in a ballot. It consists of three lump-sum payments this year totalling £275 and an inflation-linked pay rise with a 4.5 per cent ceiling in April next year.

Ashley Ashwood
Corporate flight: companies used a hot-air balloon festival at Leeds Castle, Kent, yesterday to publicise their products

Lloyd's claims US court successes

By Richard Lapper

LLOYD'S OF London yesterday claimed successes in a complicated series of legal battles with dissident US Names – the individuals whose assets provide the insurance market's capital.

Yet its moves to bolster the size of its central fund, which pays claims when Names are unable to meet their obligations, looks likely to be challenged by rebel Names in the UK.

In the biggest US case, in which 91 Names are suing Lloyd's for breach of US securities laws, Judge Maurice Lasker ruled earlier this week that the plaintiffs must respond to a number of motions to dismiss the case – which are pending – and denied the Names permission to plead their complaints again.

Lawyers acting for Lloyd's say that means the court will now consider the issue of jurisdiction in the case. Lloyd's, which says disputes between Names and their agents should be heard in UK rather than US courts, has already scored some victories in litigation with overseas Names on this issue.

On May 29 a US district court in Chicago dismissed a suit brought by Mr Kenneth Bonny, Ms Francesca Bonny and one other US Name to prevent Lloyd's from drawing down letters of credit in order to meet insurance claims.

Meanwhile, a number of Names intend to campaign to force Lloyd's to hold an extraordinary general meeting of all Names. They are angry at a new compulsory levy to be charged to all Names.

The levy is needed to fund a £500m increase in the size of the Lloyd's central fund, which meets insurance claims when Names are unable to fulfil their obligations.

According to Mr Richard Astor, who is advising the group, the levy is "a sneaky attempt to bypass democratic controls at Lloyd's".

In a separate development, the Society of Names, an organisation of Names facing losses, has protested that the Lloyd's magazine, Lloyd's Log, is refusing to carry a service reporting which syndicates are dominated by working Names, who have jobs with agencies and brokers on the market.

SE issues proposed Taurus regulations

By Tracy Corrigan

THE LONDON Stock Exchange has announced proposed rules for participation in its Taurus service, the long-awaited paperless settlement system due to be launched next year.

The rules outline three main categories: full participants who can move stock within the system; market participants who send instructions to other participants to move stock for them; and company controllers and registrars who can move shares in their own company. Each group must satisfy specific requirements on technical competence, systems security and financial adequacy.

The planned rules have been amended after comments on the draft proposals published in June last year. A further consultative period runs until July 31.

The system is scheduled for launch next April, although testing will be delayed until January. That follows a hitch in the development of an IBM system to protect the network from "hackers".

Clearer's clerical staff reject pay offer

By Catherine Milton, Labour Staff

CLERICAL staff have voted to reject the Royal Bank of Scotland's pay offer of between 2.5 per cent and 3.5 per cent. Turnout for the ballot was 35 per cent.

Managerial staff at the bank have accepted a modified performance-related offer in a separate ballot. Bifu, the banking union, said it was satisfied that the bank had addressed fears that the offer failed to guarantee an annual rise for more than 4,000 managerial staff. The union will consider the position of the 12,000 clerical staff at a meeting in Glasgow next Thursday.

It originally asked for an 8 per cent increase on all salaries, with a minimum of £600. It is understood that the bank is unlikely to improve its offer.

Meanwhile, an existing dispute continues at the bank over whether staff are entitled to withdraw from overtime they normally work. Staff have banned overtime and are working to contract.

Damage control in the housing market

John Plender on the limited scope for revival in the fortunes of the property sector

THIS WEEK'S meeting between government ministers and building society leaders was not a notably joyful affair. The good news, for want of a better phrase, was about damage limitation.

Since the beginning of the year there has been a modest improvement in the rate of repossessions – largely because of the payment of income support direct to building societies, but also because the societies are keeping more people in their homes through counselling and renegotiation of mortgage terms.

Yet the housing market remains obdurately weak, even though mortgage interest rates have fallen from 15.4 per cent in 1990 to less than 11 per cent today. Although house prices look more affordable than for many years, Halifax, the biggest society, has just reported a seasonally adjusted fall in prices for the seventh successive month. The continuing rise in unemployment is doing nothing to help.

A more technical explanation for the state of the market is the fact that many people have mortgages larger than the value of their homes, leaving them, in the jargon, with negative equity.

This week's UBS Phillips & Drew estimate of 2m home owners with negative equity is regarded by some building society chiefs as too high. Yet there is no doubt that the inability of this group to move up the housing ladder without incurring losses acts as a brake on the market.

An additional handicap for the market is that many second-mortgage lenders who have seen most of the security for their loans wiped out are waiting for an upturn before foreclosing on troubled borrowers. That might take some bounce out of a price recovery.

All that helps to explain the weakness of the wider economy, since so much consumer spending is related to house purchase. And after the first significant fall in nominal house prices since 1945, there is a wider question to be asked about values.

The recent spectacular price booms – two in the 1970s and one in the late 1980s – were a by-product of inflation. With house prices rising faster than interest rates and mortgage debt eroding in real terms, homeowners made profits out of borrowing. Even when prices stopped rising, borrowers were cushioned because real interest rates were negative at the crucial moment.

Today everything is different, because the government has embarked on severely disinflationary policies, reinforced by the European Exchange Rate Mechanism.

Inflation is much lower than in the mid 1970s or the early 1980s, while interest rates are positive in real terms. Hence the huge fall in nominal house prices in the south of the country, where the boom was most out of hand.

The government's difficulty is that in spite of such high real rates of interest, earnings growth in the economy is still running at 6 to 7 per cent after a prolonged recession, which is well above the ERM average.

The rate of interest that the Treasury regards as appropriate to deal with inflationary pressure in the labour market is thoroughly deflationary for the housing market. And if earnings are going to have to rise much more slowly, house prices, which tend to increase in the long run with average earnings, will rise more slowly.

Nearly a third of householders under the age of 25 are owner-occupiers, because people fear being left off the housing ladder and want to make an effortless profit. But if potential homeowners conclude that another house price spiral is unlikely, the investment element of the demand for houses may disappear.

Other factors pushing in the same direction are the erosion of mortgage interest relief in real terms and a more cautious approach by lenders.

That caution may soon be reinforced as insurance companies review loss-making mortgage indemnity arrangements with lenders. In the past, insurers have covered building societies on an absurdly imprudent basis. Although they were at risk on the first 20 to 30 per cent of the loss on the value of a home, they did not assess the value for themselves or the borrower's creditworthiness.

Such practices are unlikely to be repeated, since the resulting losses to the insurers will, on some estimates, be as high as £3bn in 1991, 1992 and 1993. That means it will be harder to borrow 95 or 100 per cent of the value of an asset with a price that can go down as well as up.

Unless the government abandons its disinflationary policies – which looks unlikely – housing seems likely to underperform other types of investment over the present decade.

UP TO a fifth of council properties owned by the Labour-controlled London borough of Southwark are illegally occupied, Mr Tony Baldry, junior environment minister, told the Commons yesterday, Ivor Owen writes.

He said it was a "matter for concern" that 11,000 of the 55,000 properties were illegally occupied when there were 15,000 people on the housing waiting list.

Mr Baldry clashed with Mr John Fraser, MP for Norwood and a former Labour minister, who said that when rent was paid by a person whose name was not that on the rent book it could not be described as "squatting".

The minister interpreted Mr Fraser's view as meaning "if the caretaker is flogging off keys, providing you are paying rent, it's OK". Mr Fraser accused the minister of misrepresenting him.

Mr Baldry confirmed that legislation would be introduced in the autumn, providing a "lower-risk route" to owner occupation for council tenants through a rent-to-mortgages scheme.

Mr Clive Soley, a Labour housing spokesman, attacked the minister for using Southwark and other Labour councils as "scapegoats" for the government's failure to provide affordable housing for the growing number of homeless.

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EC suffers a Viking attack

IN THE ninth and 10th centuries, Vikings used from time to time to fall upon the undefended coastlines of western Europe. Jacques Delors, François Mitterrand, Helmut Kohl and John Major, not to mention the other headmen of the European Community, now experience the shock and dismay of these earlier Europeans. Like them, they are anxiously wondering whether they will be allowed to rebuild their city in peace. Can Brussels be restored to its former glories, let alone fulfil the dreams held for its future?

Not only the chieftains are in distress. Ordinary inhabitants are concerned about the prospects for their bonds and their gilts, their sterling and their pesetas. Not so long ago, after all, they may have believed that these would be included with bunds and the D-Mark in the great palace of economic and monetary union. Is that hope overturned?

Not necessarily. In the first place, the Maastricht plan for reconstructing the European Community is not yet destroyed. The rest of the European Community seems likely to ratify it in the course of this year. At that stage, it might be possible to cajole Denmark either into economic and monetary union or, if not, out of the EC altogether. Either way, the 11 could continue to live in the city that Jacques built.

Moreover, the palace of Emu had, in any case, not gone much further than the foundations. It was already unclear whether it would be finished by 1997, 1999 or even at all. It was equally unclear who would be allowed to live in it.

The questions are, first, whether the palace is now much less likely to be completed than previously thought; and second, whether the present temporary ERM accommodation might prove an adequate substitute.

Uncertain future

Even before the Viking raid, the uncertainties about the future had been clearly shown in the market. Long-term interest differentials *vis-à-vis* German bunds were larger than inflation differentials in the cases of France, Italy, the UK and Spain, the four most important potential entrants into Emu. This would suggest that, far from the markets being confident that Emu would be built, they were even less confident than current inflation performance would suggest.

Spanish long-term interest rates, for example, were some 3½ percentage points higher than German in early 1992, even though consumer price inflation was only about 2 percentage points higher. Startlingly, Italian long interest rates were about 4¾ percentage points higher than the German even though inflation was only 1¼ percentage points higher.

The bond markets were, therefore, already indicating substantial doubt about the long-term chances of exchange rate stability. A 4¾ percentage point interest differential would, for example, offset a devaluation of over a third within a decade. Of these countries, only France had interest rates compatible with the expectation of exchange rate stability, although the UK had been getting close to that point.

How much more uncertain could something already so uncertain become? In the cases of Italy and Spain, the widening in differentials predated agreement of the Maastricht Treaty. Those increased doubts reflected awareness that there would not only be tough convergence criteria, but that the date for Emu might be as late as 1999 or, judged by the sudden onset of internal German controversy over the fate of the D-Mark, later still.

Markets shaken

Inevitably, the result of the Danish referendum has shaken the markets further. The yield on Danish bonds rose by 24 basis points between Tuesday and Friday. Those on Spanish bonds rose by 38 basis points and those on Italian bonds by 35 points. But other yields were somewhat less affected. British and French bond rates rose by 17 basis points and French by 19, while Dutch and German bond rates were unaltered.

Obviously, the markets have been shaken. The question is whether this is a once and for all shift or the beginning of serious instability. There are good reasons for not panicking. Exchange rate stability within the ERM, which has experienced no general realignment since the beginning of 1987, reflects at least as much an economic as a political commitment. Governments had become convinced that inflation was a hindrance not a help.

Where governments can make that economic commitment credible and are not replaced as a result of the rigours thus imposed, the ERM can yet prove a substitute for an uncertain Emu. This has a good chance of being true of the UK. Given Mr Pierre Bérégovoy's popularity, the same should be true of France. Felipe González also seems to have a chance of establishing his government's convergence policy before elections due in Spain next year. Only in Italy, of the major countries, would the failure of Maastricht make convergence hugely less likely than now.

The Danes have inflicted a noteworthy shock. But the city could yet be built and, even if not, it might not mean the end of economic stability in Europe.

School's out - and nowhere to go

Graduates of the 1990s are facing gloomy prospects, says **Andrew Adonis**

It is a tough time for new graduates across the developed world. The halcyon days when bright young things brandishing degree certificates had the world at their feet are over. Change in the pattern of graduate employment extends beyond recession-induced pressures. Graduates are not simply flooding a saturated market: after decades of steadily increasing supply, they have fundamentally changed the nature of the market itself.

Let the numbers speak. In the mid-1960s Britain had 220,000 full-time students. It now has nearly 700,000, and numbers have risen by 200,000 – 40 per cent – in the past five years alone. By the year 2000, its university population is projected to be close on 1m, with one in three 18-year-olds proceeding to higher education.

In the former west Germany the numbers graduating from universities with degrees have risen from 47,800 in 1960, to 87,000 in 1970, 123,630 in 1980, and nearly 170,000 last year.

Growth rates are similar in the rest of Europe, Japan and the US. So are the hard-luck stories among recent graduates.

In Britain, unemployment among new graduates has virtually doubled in the past two years, with more than one in 10 of last year's *crop out of work six months after* graduating. According to the Incomes Data Services research group, graduate vacancies are slightly up this year, but by barely half the amount needed to make up for the increase in numbers graduating – let alone for the 20 per cent drop in graduate vacancies last year. Unlike the 1980-82 recession, this one has hit hard in the prosperous, degree-rich south-east, with few employers prepared to risk a return to the high recruitment levels of the late 1980s.

"It is not just unemployment: under-employment is as marked among recent graduates," says Mr Richard Pearson, director of the Brighton-based Institute of Manpower Studies. The number downgrading their aspirations – from scientist to technician, administrator to clerical officer, and so on – is growing; so is demand for second degree courses.

In Japan, too, companies are correcting for over-ambitious recruiting in the late-1980s and a sharp fall in profits last year. The steel industry has announced reductions of up to 50 per cent in graduate hiring; other sectors are healthier, but almost all are down on last year. Faced with growing inventories, "sales" is the watchword, and with it a readiness to hire less-qualified young people more prepared to do the cold-calling. Doda, an employment information company, reports sales and marketing vacancies are growing, while occupations considered important during the boom, such as design and other creative work, are less in demand.

Prospects are no brighter for the 1.1m graduating this year in the US. "It's probably the worst market in two decades," according to Mr Victor Lindquist, director of career placement services at Northwestern University, Illinois. His surveys of employers show 47 per cent expecting to recruit fewer graduates than in 1991 – itself scarcely a bonanza year. The US economy, struggling to emerge from two years of sluggish growth, is going through a wave of "downsizing", hitting white-collar workers much more *than previous recessions*.

Starting salaries are suffering accordingly. After years of outstripping the national earnings increase, this summer's projected average for new UK graduates of £12,700 (£11,664 in the public sector) is just up with inflation. In the US, universities in the Washington area report offers little or no better than 1991. Chemical engineers are faring best, with offers around $39,000 (£21,400); offers to economics and finance graduates are down at an average $25,600.

For all that, doom merchants should be kept at bay. "Few question the lifelong advantage to individuals and the economy conferred by higher education," says Mr Pearson. Among the entire graduate population, unemployment in most countries is well below the national rate. Salary differentials remain wide, and widened in the 1980s. Longer-term consequences are likely to be cultural and career shifts among graduates.

One simple fact stands out: the rapid increase in the numbers of women at college. In 1990 women accounted for half of Britain's university applicants – up from 40 per cent in 1979.

More nebulous, but still pronounced, is a shift in fashion. Research among German students by Messrs Götz Schindler and Joachim Schüller, published by the Bavarian state's higher education institute, identifies profound *changes in outlook between contemporary* students and their forebears of 20 years ago. Whereas the early 1970s cohort was markedly conservative, emphasising values like stability, security, duty and protection of the existing social order, today's students give priority to values like emancipation, independence and self-fulfilment.

Generalisations about cross-country trends must be treated with scepticism. Some trends, like the continuing UK aversion to manufacturing industry, are country-specific. But a reaction against get-rich-quick graduate options is evident across frontiers. So, with notable exceptions, is a longer-term drift away from the public sector, indeed from the whole notion of "public service".

Until the current recession, the Civil Service Commission was experiencing difficulty recruiting sufficient high-calibre candidates to fill Whitehall's fast stream. Even in France, where the brightest and best French graduates invariably used to dream of life in the public administration, aspirations have changed over the past decade, with a corporate career now almost as highly valued as serving the state.

A typical member of the French old guard is Mr Jacques Attali, president of the European Bank for Reconstruction and Development, *who went to both the Polytechnique* and the Ecole Nationale d'Administration (Ena), the two best known of the Grandes Ecoles, the élite civil service colleges which train the brightest youngsters for the public service. "Ena is a magnificent school because people there put the state, not money, at the forefront of their preoccupations," says Mr Attali. That, however, is becoming less true as more Grandes Ecoles alumni leave straight after graduation, either to business schools – which report a big rise in attendances – or straight into industry. Young civil service-trained graduates can now be found in groups as diverse as Bouygues, in construction, Rossignol in skis and Peat Marwick in accountancy.

The state has never starred in the American dream, but US graduates are reacting against the 1980s all the same. Says Mr Lindquist: "The expectation of working 70 or 80 hours a week in a fast-track environment, albeit with a great deal of money, is not the kind of pursuit that is going to attract as many as it did a few years ago."

As for Britain, a poll by Mori last year showed that for the first time since 1983 graduates were less greedy in their average salary expectations than those in the previous year. Only a fifth of graduates volunteered high starting salary as important in their career choice; long-term pay and benefits were valued by twice as many as starting *salary, with a third highlighting* opportunities for foreign travel.

The travel bug is catching. Fresh from a packed session on opportunities in the UK diplomatic service, Mr David Chamberlain, of Oxford University's careers service, talks of the "anywhere but here syndrome". "The number wanting to get abroad, mostly for a few years before starting a long-term career, is shooting up." Graduates are gaining most from the "Europe without frontiers".

The enthusiasm of graduates for moving about in their 20s is increasing more generally. Half of all entrants to secondary-level teacher training courses in Britain are now "mature", with the average age of entrants to the profession at 28. Few have even graduated by that age in Germany, but even there the attraction of "time out" is rising. The Bavarian state survey found almost 80 per cent of those studying scientific subjects to be between 20 and 25 when they start their studies, as opposed to 57 per cent 20 years ago.

The big increase in graduate supply is itself shaping the market. Most obviously, the professions are now graduate preserves. Careers like personnel, which attracted few graduates 20 years ago, have now all but closed their doors to those without degrees. Barely 2 per cent of Britain's trainee accountants are now non-graduates. Between them, accountancy and the legal profession, which 25 years ago took some 6 per cent of Oxford University's annual output, now consume about a fifth.

That is the reverse image of the placement trend for the largest of the traditional graduate professions – teaching, the attraction of which to Oxbridge graduates plummeted in the 1980s. In many countries, of course, teaching has retained high status, but the point brings out a larger one more generally applicable: the growing differentiation between élite colleges and the plethora of higher education institutions beneath them.

If anything, the relative prestige of élite institutions has increased, as in most countries the brunt of expansion has been borne by polytechnics or liberal arts-style colleges. Sir Ralf Dahrendorf, warden of St Antony's College Oxford, fears for the future of Britain's universities as they go down the continental road of mass higher education. But his *alma mater* is proving resilient in self-defence. While in the three years to 1991, Sheffield Polytechnic increased its full-time numbers by more than a third, numbers at Oxford expanded by less than 5 per cent – and the university plans *no* net growth in the next decade.

Across the Channel, the Grandes Ecoles still account for only 53,000 students out of 1.1m throughout France – far more exclusive, in relative terms, than the Ivy League or Britain's élite institutions. In Japan, similarly, the university attended by a graduate is generally more important than his or her results, with Tokyo, Kyoto and Waseda at the top of most hit lists.

Greater diversity and differentiation, then, are on the cards for the 1990s. And what if graduate unemployment fails to abate? According to one celebrated thesis, a prime cause of the 1848 revolutions in Germany was an excess of highly educated unemployed. Another revolution of the intellectuals? Stuff and nonsense to the British, of course. Says Mr Pearson of the Institute of Management Studies: "At the moment there's only one fashion – *to get a job.*"

Additional reporting by William Dawkins, George Graham, Robert Thomson and David Waller.

MAN IN THE NEWS: ***Karl Lagerfeld***

Hired gun of haute couture

Karl Lagerfeld is one of the world's most famous fashion designers. He is also a very astute businessman. It was, after all, his accountant who told American Vogue that he had been blessed with "un chromosome de plus".

This week Mr Lagerfeld – and his admiring accountant – discovered how much that extra chromosome was worth. Dunhill, the UK luxury goods group, paid up to £16m to buy Karl Lagerfeld, the fashion business that bears his name, in the middle of one of the worst recessions that the luxury goods industry has known.

Mr Lagerfeld himself will not receive a penny. Dunhill has bought the Lagerfeld business from Revillon, the private French company that owned it.

"Kaiser Karl", as the fashion press calls him because of his imperious air, is one of the new breed of *freelance fashion designers who do* not invest in their labels but are paid a fee to design for them. He has said that he "hates empires" and that he does not want "the responsibility" of being an employer.

This arrangement will continue under Dunhill, which has also signed Mr Lagerfeld – for another undisclosed fee – to return to his old role as chief designer of Chloé, another Paris fashion house in the Dunhill stable.

Dunhill has done the deal at a difficult time. The whole luxury goods industry has suffered in the recession, but fashion has been one of the most vulnerable sectors. The Karl Lagerfeld shops in London (which were not owned by Revillon) went into receivership earlier this year.

Lord Douro, chairman of Dunhill, purports to be unperturbed. Dunhill, he says, needed "a designer of Lagerfeld's stature" to relaunch Chloé and it also wanted to acquire another Paris fashion house.

Nor was Lord Douro deterred by the fact that the workaholic Mr Lagerfeld, 53, also works as a free lance designer for a number of other fashion houses, including Fendi of Italy, Steilman of Germany and Chanel in Paris. "He told me that there was still a side of his creative personality which was unfulfilled," he said.

Indeed it was the spectre of Chanel's success – and Mr Lagerfeld's role in its revival – that persuaded Dunhill to expand its fashion interests at a time when the market was so depressed.

Mr Lagerfeld has helped to turn Chanel into one of the world's most *lucrative luxury goods groups*. He was poached from Chloé in 1983 by Mr Alain Wertheimer, who had taken over Chanel – by dint of firing his own father – nine years before. When Mr Wertheimer arrived, Chanel was a floundering fashion house living off the memories of its founder, Coco Chanel, and her sartorial triumphs in the 1920s, and was selling its perfumes in downmarket retail outlets.

Memories were not enough. Mr Wertheimer realised he had to bring back the glamour of Coco's heyday. He pulled the perfumes out of their downmarket outlets and looked for a designer who could restore the house to its former glory. Finally he chose Karl Lagerfeld.

Usually when designers join an *established fashion house* they stamp their own style on it. Mr Lagerfeld's approach was different. He chose to appropriate the classic elements of 1920s Chanel – chunky tweed suits, quilted bags with chains – and to reinterpret them for the 1980s.

What he did was to apply the post-modernist principle of mixing historical motifs with contemporary forms, then popular in art and architecture, to fashion. He also created very sellable clothes. The Chanel suit became the status symbol for successful women – and wives of successful men – in the 1980s. They loved the short skirts, which showed off their aerobics-toned legs. They adored the big buttons, with their distinctive double C insignia, that told their friends where they had bought the suit and how much they had paid (at least £1,250).

Chanel now sells biker boots for £700 and costume ear-rings for £500. Its flagship store on the Rue Cambon in Paris is so packed with Japanese tourists clamouring to buy its quilted leather bags that it has "rationed" them to no more than three bags per person.

Nobody knows exactly how much money Chanel makes. As a private company it can, and does, refuse to disclose financial details. The best estimate is that it has annual sales of £500m and profit margins of at least 20 per cent. Mr Lagerfeld is said to be paid a fee of $1m for each of the four Chanel collections he designs every year.

One of the ironies of the fashion industry is that most of this money comes not from clothes, but from accessories – scents, shoes, bags and biker boots. Four out of five purchases at Rue Cambon are accessories. Mr Wertheimer's masterstroke was to use the allure of the fashion collections to sell them.

No designer is better at creating that allure than Mr Lagerfeld. He plays the publicity game to perfection. The glossy magazines are filled with (generally flattering) features of "Kaiser Karl", the 18th-century buff with his signature ponytail, his passion for Louis XV furniture, his penchant for hand-written notes and his horror of telephones.

Even his tantrums are faithfully reported. There are the super-models he hires and fires. The muses whom he adores and then abandons. There is the sad story of Ms Kitty D'Alessio who, as head of Chanel in the US, introduced him to Mr Wertheimer only to be ousted by her former protégé.

This is the reputation that Dunhill is buying, by acquiring the Lagerfeld label and bringing the Kaiser back to Chloé.

It hopes to replicate the élan, but it is not going to be easy. Karl Lagerfeld left Chloé to take his starring role in Chanel's success story in 1983 when the economic environment was overwhelmingly positive. He is returning to Chloé in a much more competitive climate, when the luxury goods industry is struggling. Extra chromosome or not, even the appeal of the Lagerfeld name was not enough to save its London shops from the receivers.

Alice Rawsthorn

Politicians have failed to sell the Maastricht Treaty, writes David Marsh

Out of step with the people

A shock wave surged across Europe this week, sending a disruptive wash in several directions at once. The narrow anti-Maastricht vote in the Danish referendum has splintered the convoy of EC members on their journey towards ratification of the European union treaty.

It has focused attention on an apparent lack of democratic backing for the goal of greater European integration proclaimed at the EC summit in the Netherlands six months ago. And it has added to domestic difficulties of several governments – notably in Germany and France – at the centre of the Maastricht process.

The Danish mood finds an echo in other states where government policies on Europe are falling foul of disenchanted electorates. The squalls unleashed by the Danish "No" are, however, clearly not just about European integration. Voters are showing discontent over European policies partly, it seems, as a means of expressing wider irritation with the political parties which govern them.

"This was less a vote against Europe, more a vote against the politicians," said a Danish diplomat this week. The Danes – traditional Euro-sceptics – threw out policies which had the backing of most of the Danish political and corporate establishment. The diplomat singled out his own boss for blame. He said that over-insistent pro-Europe campaigning by Mr Uffe Ellemann-Jensen, the foreign minister, may have added to Danes' desire to teach the politicians a lesson.

Officially, at least, the other EC states are brushing aside the Danish veto almost as though nothing had happened. Foreign Ministers have agreed to steam ahead with ratification, hoping to rope the Danes back on board later on. None the less, the politicians can hardly afford to ignore the flare-up of Euro-mutiny – unless they want to end up together on the rocks.

During the months before the Maastricht agreement in December last year, there was in most EC countries astonishingly little public debate on the exact nature of the institutional and economic changes planned by the EC. Now, as the Danish referendum result helps bring anti-Maastricht feeling out into the open elsewhere, the people's voice is starting to be heard. "The whole thing could become a catalyst," says Mr Gordon Heald, managing director of the UK arm of the Gallup opinion survey company, an experienced hand in Euro-polling.

One member of a government clearly rocked by Tuesday's vote is Mr Ulf Dinkelspiel, Sweden's minister for European affairs, who is in charge of negotiating Sweden's application for EC membership. "This was a warning light for the politicians. What happened in Denmark showed that the politicians are not fully in touch with the people," he says. Showing how Denmark's "No" is reverberating well beyond its borders, Mr Dinkelspiel points out how Swedish opinion polls at the end of this week showed a sharp anti-EC swing. Although he believes such opposition will be overcome, Stockholm's bid to join the Community, like those of Austria, Finland and other countries may now be held up.

As far as their general views on Europe are concerned, the public across the continent - in an inevitably diffuse way - seem to be expressing two broad messages. People appear generally satisfied with the achievements of the European Community so far. But they favour a slowdown in further changes while they digest those which are taking place already. The Community's regular "Eurobarometer" of public opinion across the 12 members has shown a steady increase in general support for the Community. An overall 69 per cent of EC populations believe that Community is a "good thing", according to the latest poll at the end of last year against 60 per cent in 1985 and only 56 per cent in 1973, when Britain joined. The percentage of Britons in favour has risen from 31 per cent in 1973 and 24 per cent in 1980 to 57 per cent last year.

On the "widening" and "deepening" of the Community implicit in the Maastricht process, the picture is different. Here, anxieties come to the surface – for a mixture of motives. Worries about the cost of embracing the poorer southern states, as well as, later, the former communist countries of central and eastern Europe, play a part. So do fears about falling barriers to industrial and agricultural competition, and about a lack of democracy in Community institutions. Last year, 27 per cent of those surveyed said they were either "rather fearful or very fearful" about the "single market", which comes into effect on January 1 1993, against only 22 per cent in 1988. Additionally, as the chart shows, support for "unification of western Europe" has dropped in recent years in the richer countries which believe they will have to pay for it.

*Figures for 1990, converted with purchasing power parities. German GDP is for united Germany **Up to 1990, West Germany ***Figures for 1981 Sources: EC Eurobarometer/OECD

At a time when established parties across the EC have been suffering falling electoral support, the Danish rejection adds to governments' difficulties in winning popular support for Maastricht ratification. One of the few countries where the Copenhagen "No" has not caused tremors is Italy - reflecting the media's understandable preoccupation with the imbroglio over attempts to form a new government. In Britain, where the pre-Maastricht discussion was more vociferous than elsewhere, Mr John Major, the prime minister, faces a revolt from Tory backbenchers on his European policies. In France, where the popular mood remains heavily in favour of the Maastricht treaty, President François Mitterrand on Wednesday announced a referendum on the issue, scheduled to be held in the autumn. Most ominously for Maastricht-backers, public opinion in Germany seems to be swinging against the treaty. This partly reflects German worries about abandoning the D-Mark as part of European monetary union. Many Germans also fear that the proposed political union will be too far removed from parliamentary control, and will contravene Germany's principles of sharing power with the federal states.

The basic reasons for German Euro-scepticism may not be all that different from those which have always existed elsewhere. The doubts are however coming to the surface in the country which has always, along with France, provided the motor for integration. So these new German misgivings, potentially at least, have considerable greater explosive power than the small blast in Copenhagen which captured all the attention this week.

"The Germans are worried about the pace [of integration]," says Prof Elisabeth Noelle-Neumann, the head of the Allensbach Institute and the doyenne of European opinion pollsters. "Decisions are being forced through too fast." Ms Noelle-Neumann a confidante of Chancellor Helmut Kohl, points out that the drive towards European union was intensified in 1989-90. This was the result of a Franco-German initiative to show that, in spite of German unification, Germany would remain a "good European." Now, with the costs of unifying their own country much higher than expected, Allensbach surveys show a growing number of Germans want to slow European union while Germany copes with its own national challenge.

Only 18 per cent of the population, according to an Allensbach poll earlier this year, believe a single European currency would be as stable as the D-Mark. Some members of the Opposition Social Democratic Party (SPD) have this week called for a German referendum on Maastricht. If such a referendum were held tomorrow, Ms Noelle-Neumann says, she would be "uncertain" whether Mr Kohl would receive a "Yes" vote.

Mr Günther Nonnenmacher, foreign editor of the Frankfurter Allgemeine Zeitung, the conservative German daily newspaper, laments the lack of a suitable forum in which German doubts about European policies can be properly aired. "There has never been a proper debate, either within the parties, or between them," Mr Nonnenmacher says. He believes that the Danish vote may prompt a "bandwagon" effect in Germany. An initial indication that this may be happening was a hastily conducted opinion survey carried out this week in which an astonishing 81 per cent of respondents said they opposed the treaty.

One reason for such a result is that public opinion in all EC countries is becoming much more volatile, says Mr Nonnenmacher. "This is mixed up with general antipathy against politicians, against the political class, and against bureaucrats." There is clear evidence of this trend, too, in France. Mr Francois Cornut-Gentille, assistant director of political polling at the Sofres opinion research organisation in Paris, notes that the Maastricht Treaty is backed by the leaders of nearly all the mainstream political parties, as well as most of the French media. The treaty is normally given sizeable majorities in opinion surveys.

None the less, pro-European sentiment is both "reserved" and "ambiguous" he says. "This is partly because much of the Maastricht legislation is very difficult to understand." Alongside worries on questions like sovereignty, "there is a confusion about where we are going," he says. Mr Cornut-Gentille adds that, like in Germany, "The debate has never been given a real content."

This fluidity of French opinion carries clear risks for President Mitterrand, who has slid down the opinion polls in recent months. A poll in the *Parisien* newspaper on Thursday showed a 2 to 1 majority in favour of Maastricht. But 42 per cent of those asked said they would abstain in the forthcoming French referendum, or were undecided. Mr Mitterrand has called the referendum chiefly to expose a split over Maastricht in the Right-wing opposition. It is likely that Mr Mitterrand's ploy will succeed. Yet he is also taking a risk. If the referendum is interpreted not only as a decision on Europe, but also as a vote of confidence in the presidency, then the referendum "might incite the opposite of what the President wants," Mr Cornut-Gentille says.

As Europe ponders the fall-out, the Danish vote has demonstrated one very real success of European integration. Trends in public opinion cannot be confined to one country, but leap instantly across borders. The Danish referendum, and its aftermath, underscores voters' mistrust of politicians as much as it does their mistrust of a federal Europe. But if the people cannot trust the politicians, who else is there to lead them towards an integrated, stable and prosperous continent?

A break in the march of history

Martin Wolf argues that the Danes' 'no' offers the chance to create a more flexible EC

The Danes have shown they retain the moral courage displayed so famously by their fathers and mothers during the Second World War. They may not have stopped the onward roll of the Euro-wagon, but they have certainly put a spoke in its wheel. And an excellent thing this is, too. For little valuable has been lost. On the contrary, the Danish referendum offers an opportunity to create a more flexible and more open Community.

Unnecessary in its goals, obscure in its language, incompetent in its detail, the Maastricht Treaty has few redeeming features. It was quite unlike either the customs union or the single market. This was the first important step in the history of the European Community that could not be justified as an expansion of the freedom and prosperity of the ordinary European. The treaty is basically about power: mainly about who would set Europe's monetary policy, to a lesser degree about who would set its foreign and defence policies.

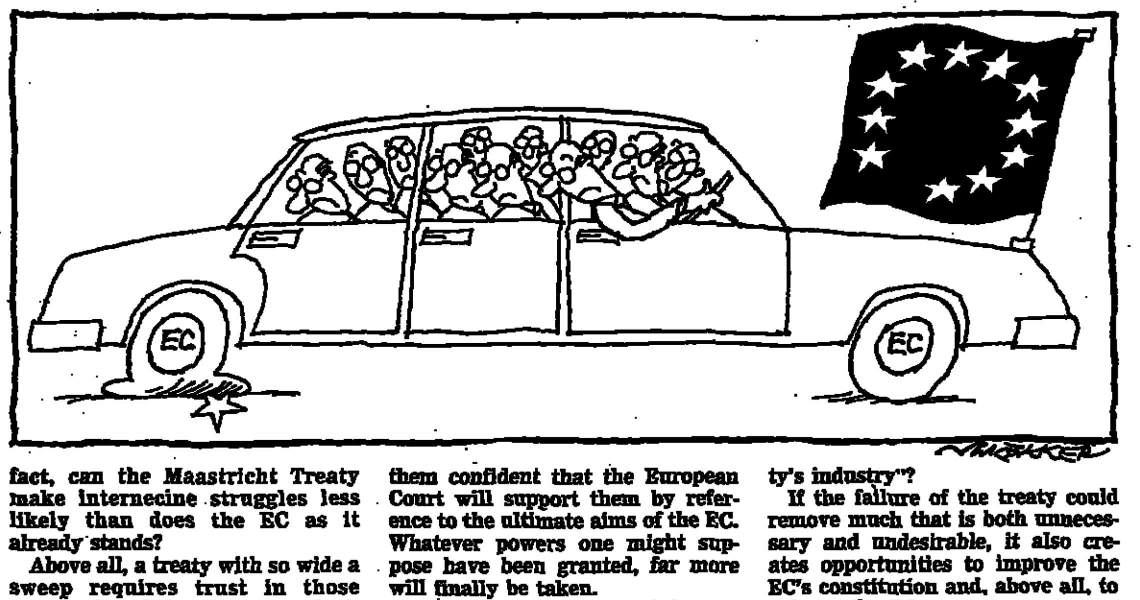
Neither is necessary. Europe already has a common monetary policy, set by the Bundesbank, Europe's best central bank. Europe already has a common defence policy, set by Nato. Maastricht would have dethroned the former and accelerated termination of US involvement in the latter.

The notion that Europe – lacking labour market flexibility, labour mobility, substantial fiscal transfers or a common fiscal policy – is fit for monetary union seems fantastic. Yet those who believe in this cause need not despair. They can still enjoy all the benefits of monetary union, most simply by tying their currency still more closely to the D-Mark, perhaps by instituting currency boards.

Many will complain that this is no way to "build Europe", as if Europe does not already exist. The Danes, they will assert, have obstructed the march of history, with a capital aitch. But after communism's collapse, how can anyone speak as if the future were known and pre-ordained?

The truth is otherwise. For its most convinced proponents, the long-term aim of the Maastricht Treaty is the creation of a multinational, multilingual superpower. Nothing in historical experience suggests such a structure is feasible, let alone desirable.

Some still seem to argue that without further development of the EC, another European war threatens. But why would forcing the Germans to abandon the D-Mark render them more comfortable with their neighbours? Why should the attempt to mount common military actions assuage deep differences among Europeans in their desire for such interventions? How, in fact, can the Maastricht Treaty make internecine struggles less likely than does the EC as it already stands?



Above all, a treaty with so wide a sweep requires trust in those entrusted with its execution. Such trust is impossible when one commissioner justifies a proposal to limit the working week to 48 hours by appeal to a clause on health and safety at work, another threatens the UK with withdrawal of a derogation on VAT supposedly entrenched by unanimity, both of them confident that the European Court will support them by reference to the ultimate aims of the EC. Whatever powers one might suppose have been granted, far more will finally be taken.

What, for example, might the Commission make of the Community's obligation to "contribute to the flowering of the cultures of the member states"? What, more ominously, might the Commission make of the obligation to "ensure the conditions necessary for the competitiveness of the Community's industry"?

If the failure of the treaty could remove much that is both unnecessary and undesirable, it also creates opportunities to improve the EC's constitution and, above all, to enlarge the EC.

The principal problem is the role of the Commission. This posed no great difficulty when the powers of the EC were restricted. The greater the EC's powers, however, the more intolerable becomes the Commission's sole right to propose Europe's most important legislation. These are mere appointees. Worse, they are appointees convinced they possess inside information on the purposes of history. These wings should be clipped.

Yet it is in relation to potential entrants that the failure of Maastricht is most helpful. Deepening was bound to be an obstacle to widening. As it is now, the EC could perhaps have been enlarged. But the powers that would ultimately be transferred by the Maastricht treaty cannot possibly be wielded by a council of ministers containing, say, 25 participants. The powers that would be transferred as a consequence of the further revisions necessitated, in time, by the Maastricht treaty could certainly not be wielded by such a body. Something akin to a European government would be needed. Since such a body cannot be created, enlargement would be halted.

Equally important, the greater the responsibilities exercised by the EC the more difficult it would be for a heterogeneous group of countries to wield them at all. With common monetary, economic, defence and foreign policies, an EC containing Poland, the Czech lands, Slovakia, Hungary, Lithuania, Estonia, Latvia, Slovenia, Croatia, Bulgaria and Romania – quite apart from Sweden, Norway, Finland, Austria and Switzerland – *would have been unworkable.*

In practice, it would never have advanced that far. The demands made by poorer states for resources to finance their move to economic and monetary union are already too great an obstacle to further enlargement eastwards.

The Danish rejection offers the possibility of a more open EC; it offers the prospect of a more internally flexible EC; and it offers the prospect of a more modest EC. Member states may now make such arrangements among themselves as they wish. Should some states wish to unite with one another – France and the Benelux with Germany, for example – they should be encouraged to do so, thereby creating a new currency and one member state where there used to be several. Meanwhile, other member countries might ask themselves whether the exchange rate is not, after all, a price like any other.

The EC will always be more than a simple free trade area, but it should now remain less than a political union. Best of all for Mr Major, the British are not to blame for these blighted ambitions. It was not, it turns out, 11 against one. As the British government takes the presidency, it should forget the historical, geographical and cultural absurdity of a Britain "at the heart of Europe" and seize the opportunity the Danes have presented it with. Maastricht should now be renegotiated.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Stumped for an answer on lbw

From R A Reeves.

Sir, Teresa McLean ("Umpires need to put their foot down," May 30) misses the stumps herself in consideration of lbw decisions. I recall a number of years ago that some experiments were carried out at Lords with slow motion cameras and other devices. If memory serves me correctly, less than half the balls which would have met the stipulation about pitching in line or outside the off stump etc., did in fact go on to hit the wickets.

The first and most crucial consideration to be made by an umpire is: "Would the ball have definitely hit the wicket?" If the answer is "no", any further deliberation is unnecessary. If yes, then consideration of where the ball pitched and hit the batsman are taken into account.

At the Oval, both Inzamam and Miandad were given out when playing well forward. When the ball has another six or seven feet to go before reaching the stumps there is clearly much more doubt about the outcome and both these batmen could consider themselves unlucky.

R A Reeves,
University of Bristol,
physical education department,
34 West Park,
Bristol, BS8 2LU

Novel ideas are long dead tactics

From Ms Nancy Lovegrove.

Sir, I refer to Michael Dixon's article in which he gives details of various new "guerrilla tactics" to get beyond the secretary (Jobs: "How to get round the secretarial barrier", June 3).

I am a "gate-keeper" about whom he writes. I can inform him that his novel ideas were around at the invention of typewriter ribbons and died long before the advent of electronic mail.

Nancy Lovegrove,
NationsBank of North Carolina,
26 Austin Friars,
London EC2N 2EH

Competitive tendering: no 'level playing field' and no quality considerations

From Councillor Jeremy Beecham.

Sir, Your editorial of June 3 ("A long road to Whitehall reform") and the report on which it is based impute to me a far more favourable view of compulsory competitive tendering than I possess, or than could reasonably be inferred from my recent speech to the Chartered Institute of Public Finance and Accountancy's conference.

Compulsory competitive tendering (CCT) has led to financial savings, but in too many cases at the expense of the wages and reasonable conditions of employment of the workforce.

It has tied up valuable officer time and led to the creation of costly systems while reducing the flexibility and responsiveness of some service industry delivery.

There is no "level playing field" for the local authority and private contractors. The former can effectively only compete for their own work. The government's real intention is to put local authorities out of the business of direct provision of services.

Clear evidence of this was the announcement last year that local authorities would not be permitted to tender for street works required by utilities, notwithstanding a clear pledge by the government during the passage of the relevant legislation.

I drew attention in my speech to one, quite accidental, benefit thrown up by the CCT process – that is the fact that in preparing contract documents and specifications it was necessary (albeit at considerable cost) to re-examine the content of the work being put out to tender in minute detail. This facilitated the process of enhancing the quality of service but could be achieved without competitive tendering in much the same way as service level agreements have operated for central services, themselves not yet subject to a tendering process.

Paradoxically, local authorities are not entitled to take quality considerations into account in deciding the outcome of the tendering process, and many have found to their cost that successful private bidders have provided a less than adequate service.

Local authorities, and their citizens, would have nothing to fear from a competitive process which allowed genuine competition on equal terms, which reflected minimum standards of wages and conditions and equal opportunities considerations, and which allowed quality to be built in to the tendering process.

That is not what the present CCT system encompasses, nor what the government intends.

Jeremy Beecham,
chairman,
Association of Metropolitan Authorities,
leader,
Newcastle City Council,
33 Great Smith Street,
Westminster,
London SW1P 3BJ

Long-term view on apprentices

From Mr Tom Purves.

Sir, I have followed the correspondence about lack of UK apprenticeship opportunities with some interest and was particularly struck by the comments made by Mr Jarrett (May 28).

It is a sad effect of a tough economy that easy options may be taken by companies seeking to make short-term cost savings. It is a shame that talented young men and women should be forced to seek apprenticeships in Germany rather than in the UK.

However, it is my experience that German companies, particularly those with a very high technology base, have made, and continue to make, such investments for the long-term benefit of their products and, in the case of after-sales activities, to fulfil the best possible service for customers.

At BMW (GB), we instituted a comprehensive apprenticeship programme four years ago, both at our headquarters and throughout our dealer network. We now have more than 400 apprentices at various stages in their training across the UK. This is one of the best investments BMW has made. Not only does the scheme provide us with a highly-trained force of dedicated technical people, but it also secures for BMW the right people to care for ever more specialised products. This is particularly important as we enter a period when demographic data indicate a clear shortage of young people.

Good people like Mr Jarrett will always look to improve their opportunities by seeking out the best training available. Good companies will always seek to improve their opportunities by providing the best training. The successful ones will be those which take the long-term view and recognise the value of the specialised staff on the ground. Good apprenticeship programmes meet those needs.

Tom Purves,
managing director,
BMW,
Ellesfield Avenue,
Bracknell,
Berkshire RG12 4TA

■ Leigh-Pemberton left as uncomfortable spectator ■ Institutions' hopes are dashed ■ Better technology in prospect

Lloyds retreat ends Bank's embarrassment

By Robert Peston

ONE PERSON would have been very relieved yesterday to learn that the struggle between Lloyds and Hongkong and Shanghai Banking Corporation for control of Midland Bank had ended, with Lloyds' decision to bow out of the fray.

That person is Mr Robin Leigh-Pemberton, the Governor of the Bank of England, who has been a most uncomfortable spectator of the first hostile attempt by one UK clearing bank to acquire another UK clearing bank.

Sir Jeremy Morse, chairman of Lloyds, said yesterday that the Bank of England had been scrupulously neutral during the bidding contest.

Such neutrality was more a question of necessity for the Bank than of choice. Under the terms of the 1987 Banking Act, the Bank can interfere in a bank's affairs only if it perceives a threat to depositors.

If the Bank's powers had not become more limited since the passing of the Banking Act, it would almost certainly have tried to deter Lloyds from responding to Hongkong's initial bid.

The Bank felt Midland might have been damaged by the uncertainty over its future ownership.

In particular, it feared that the morale of Midland's staff was likely to be undermined and that senior executives would quit the bank for fear that under Lloyds' ownership they would have had poor job prospects.

But there was one incident in particular that unsettled the Bank during the contest. That was the publication in newspapers of extracts from an early draft of Lloyds' submission to the Office of Fair Trading on why the competition authorities should permit Lloyds to buy Midland. Part of Lloyds' argument in the submission was that Midland's depositors might be at risk under the ownership of Hongkong Bank, because of the alleged threat that the stability of Hongkong Bank would be undermined by China's taking control of Hong Kong after 1997.

In effect, Lloyds was undercutting the authority of the Bank by asking the OFT to take a view on an issue concerning the protection of depositors or a "prudential" issue. Such prudential questions are normally settled by the Bank independently of other arms of government.

The Bank's concern was not so much that Lloyds should ask the OFT to take a view on the prudential question. Its concern was that Lloyds should be seen to be doing so.

Lloyds denied that the leak of the report was deliberate.

The Bank was not only unhappy about the contest for control of Midland, but also bemused about Lloyds' motives. It has been convinced that Lloyds did not stand any chance of having its proposed bid cleared by the Monopolies and Mergers Commission.

Lloyds' views that there are probably too many bank branches in the UK – and that a takeover by Lloyds of Midland would have allowed an orderly programme of branch closures – attracted some sympathy in the Bank.

The Bank was convinced, though, that Lloyds would have found it impossible to convince the MMC that such a takeover would not have posed a severe threat to competition in some banking products and some regions.

The Bank has been acutely aware that banks are a favourite whipping boy of politicians. It could not conceive therefore that a perceived reduction in banking competition, particularly in the politically sensitive business of providing loans to small businesses, would have been sanctioned by the MMC and subsequently by the government.

There is one other illustration of the Bank's inability to control the course of events in the battle for control of Midland. Mr Leigh-Pemberton has been deeply involved in ensuring that Midland would not run into severe difficulties since late 1990, after the collapse of an initial plan for a merger between Midland and Hongkong Bank.

At the same time, Midland's profits were collapsing and it was about to become the first UK clearing bank to cut its dividend since the 1930s.

So, to bolster confidence in the bank, Mr Leigh-Pemberton asked Mr Brian Pearse to move from Barclays, where he was finance director, to become chief executive of Midland.

Mr Pearse agreed on the condition that he would not merely be a caretaker who would take care of Midland until it was bought by another bank.

He wanted a commitment from Mr Leigh-Pemberton that he would do what he could to keep Midland independent for at least two years.

Mr Pearse felt he received such a commitment. But in late November, only seven months after he took up the new post, Sir Jeremy Morse, Lloyds' chairman, contacted his opposite number at Midland, Sir Peter Walters, and suggested they meet in secret to discuss a merger.

Midland felt obliged to talk to Lloyds, in deference to the interests of its shareholders. In the event, Lloyds' interest persuaded Hongkong to renew its plans to buy Midland. There followed a period of secret negotiations between Midland and the rival suitors. On March 13, Midland's board backed the approach from Hongkong Bank because it was convinced that a bid from Lloyds would be blocked by the competition authorities.

Lloyds would not be deterred. Six weeks later, it announced publicly that it wanted to buy Midland.

For all Sir Jeremy's protestations that this was not a hostile takeover attempt, Midland has clearly seen it as such. Sir Jeremy admits that in the final analysis Midland must be the arbiter of the friendliness of his intentions.

There is also no doubt that the Bank, too, regarded Lloyds' actions as hostile to Midland, but it was powerless to intervene. In the great banking drama that was unfolding, it had become more a spectator than a protagonist.

THE BATTLE FOR MIDLAND

13 November 1987: Hongkong Bank buys a 14.9 per cent stake in Midland with view to an eventual merger.
14 December 1990: Hongkong abandons Midland merger
Late November 1991: Lloyds tells Midland privately of its interest.
13 March: Lloyds and Hongkong Bank put rival takeover proposals to Midland board. Midland rejects Lloyds' offer.
17 March: Hongkong Bank publicly announces its bid for Midland at 410p a share.
28 April: Lloyds announces hostile offer at 447p a share.
21 May: Leon Brittan clears Hongkong bid for Midland Bank.
22 May: Michael Heseltine, trade secretary, refers Lloyds bid to Monopolies and Mergers Commission, so blocking it until the autumn.
2 June: Hongkong increases bid to 480p a share.
5 June: Lloyds withdraws.
25 June: Closing date for Midland shareholders to accept Hongkong offer.

A big step on HSBC's long journey home

By Simon Holberton in Hong Kong

THE HONGKONG and Shanghai Bank took another step in its long journey home yesterday when Lloyds capitulated and left the way free for it to acquire Midland Bank.

It is a journey the bank has been wanting to make for the best part of a decade and it must be of some satisfaction to Mr William Purves, the bank's chairman and the man who conceived the Midland deal, that he was in London on the day Lloyds' board took its decision to bow out.

Hongkong Bank has played a dominate role in the colony since its founding in 1864. But, with China set to resume sovereignty of Hong Kong in 1997, it is a role with a definite terminus.

Along with the *old British* which controlled the colony's trade and the Royal Hong Kong Jockey Club, which still today *strikes the beat to which* polite society marches, the bank is a quintessentially British institution in a place that is daily coming under the influence of China.

That was seen most graphically last week when a group of mainland Chinese local governments stumped up the lion's share of $HK3.8bn (£270m) to by an office block on the colony's central business district. It is also seen in the mainland's ownership of significant stakes in Swire's Cathay Pacific and Cable and Wireless's Hongkong Telecommunications.

The bank's acquisition of Midland is, therefore, more than just a "strategic" move to give it global reach and a role to play in facilitating trade in Europe's single market. Important as that is, its acquisition of Midland is about corporate and cultural survival in a world made uncertain by China's resumption of sovereignty of Hong Kong.

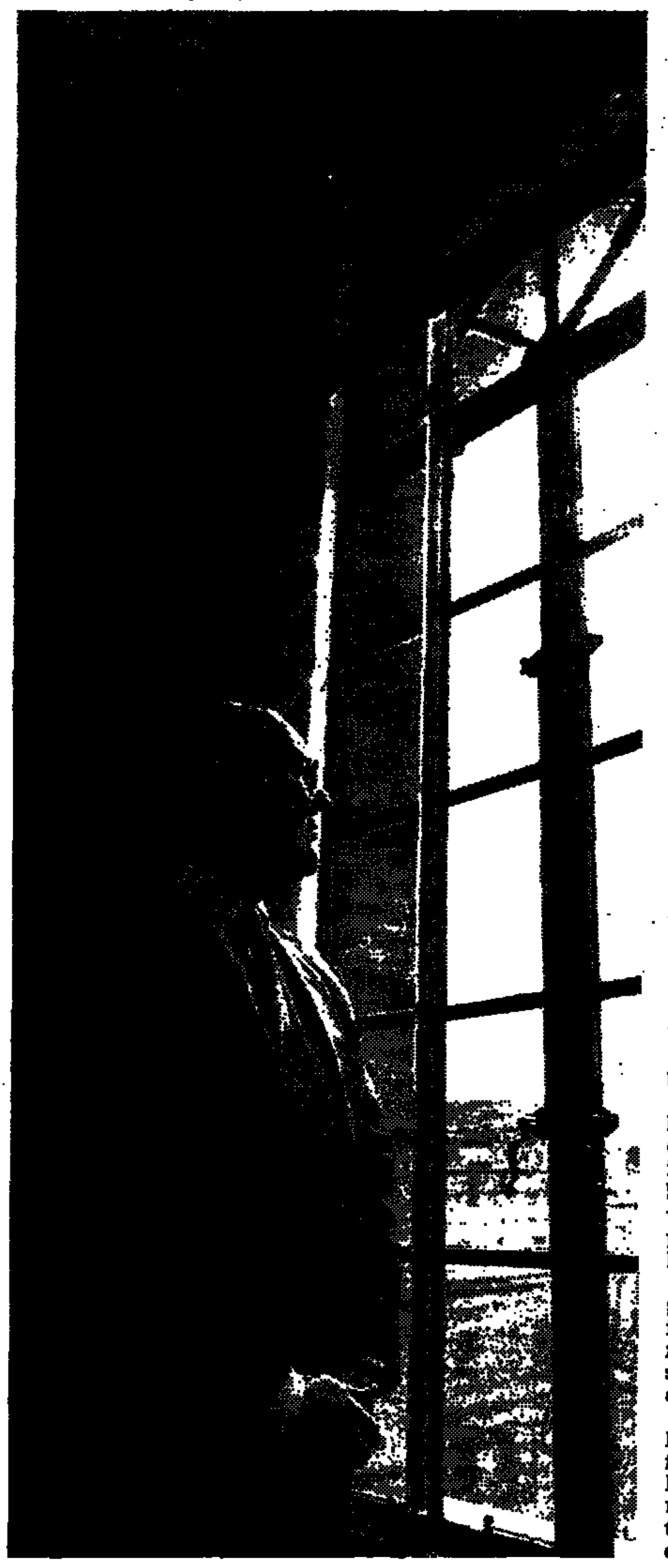
Swire and Cable and Wireless have made their peace with the colony's future owners by selling substantial stakes of their key businesses to mainland interests. Hongkong Bank has sought protection through moving offshore, and in doing so has displayed more finesse than Jardine Matheson, the trading house that rocked the colony in the early 1980s with its sudden announcement that it would move its domicile to Bermuda.

The proposed structure for the new banking institution to be created out of the takeover makes that plain. Head office will be in London, together with the top executives. Hong Kong will be a subsidiary – the most profitable to be sure – of the enlarged London-based group.

The bank realises the need for that and so does the colonial government, if for different reasons. The Hongkong Bank has had its wings clipped since Britain signed the 1984 Joint Declaration.

The informal, club-like, manner in which the colonial government managed the Hong Kong's financial affairs – often using the bank as its public agent in times of crisis – has given way to a more transparent and formal set of arrangements. That is seen in the nascent development of a monetary authority that has taken over many of the central banking responsibilities once seen as the bank's birthright, such as the setting of interest rates.

Its former position in the colony was not an arrangement China could really tolerate inheriting. Hongkong Bank understood that.



Brian Pearse: looking at a clearer future for Midland

Customers will find out if they were right

By David Barchard

WHILE THE takeover battle raged, there was little doubt that Hongkong Bank was the choice of Midland's staff and customers.

Small businessmen and tenant farmers were among Midland customer groups that stood up to be counted against the Lloyds bid. Now that it looks probable that Hongkong will take over Midland, what changes lie ahead for the customers?

Outwardly, many things will doubtless continue much as they always have done at Midland's 1,800 branches. Marine Midland, Hongkong Bank's US subsidiary, retains most of its traditional upstate East Coast American character more than a decade after it was taken over.

But Midland will now become part of a global group whose twin specialities are retail banking and small businesses with commercial instincts developed in the dynamic markets of south-east Asia. That, combined with the stronger capitalisation of the group, should mean a wider range of services with a greater emphasis on efficiency.

The good news for Midland customers is likely to be superior banking technology, operated at less cost and tailor-made for customer needs. Hongkong and Shanghai Bank has developed one of the most advanced banking computer services in the world, carrying out most of its own software design work internally.

Even before Lloyds had withdrawn from the fray, Hongkong Bank had announced plans to unify and standardise Midland's computer systems and link them into its global network by 1996, through HBS, a new centralised computer system being built at a cost of US$105m (£58m).

Hongkong's products have been built to service small businesses and companies scattered across many countries. The undisputed star among these services is Hexagon, a computerised office and home banking system. Last month Hexagon was linked to Midland's computer network. It has not yet been offered to customers, but Banktrack and Cashtrack, two of its component services, are soon to be available.

Hongkong expects to make sharp reductions in the cost and the number of employees needed at Midland's computer operations. It employs only 580 computer staff, compared with Midland's 1,280.

The defeat of the Lloyds bid means that small businesses will not get the goodies Lloyds promised them if the offer succeeded.

Yesterday Sir Jeremy Morse, Lloyds chairman, made clear that although the bank will do what it can for its customers, without the economies of scale that would have come from a merger with Midland, scope to introduce such improvements has become much more limited.

Purves plays a cool hand

By Angus Foster

MR William Purves, chairman of Hongkong Bank, was lunching on the 11th floor of the bank's Bishopsgate offices when he was told Lloyds was pulling out of the battle for Midland.

According to one of the guests, Mr Purves scarcely flinched. "He remained poker-faced. There was not even a smile. All he said was: 'We can't afford to relax yet.'"

By yesterday afternoon, as he dashed for the evening flight back to Hong Kong, Mr Purves' normally steely exterior started showing the first traces of good humour. He even joked about missing the aeroplane. But caution, and determination not to be seen to be gloating, masked any celebration.

"We haven't won yet. But I'm glad Lloyds has gone away. I'm also glad the smoke-screen has cleared. [Lloyds] has been a diversion and getting the institutional shareholders to concentrate on our offer was a little difficult," he said.

Mr Purves said his bank had *no strategy to see off Lloyds.* "I think they began to see the boulder was too heavy," he said. "They've been thwarted at every turn by people like the Monopolies and Mergers Commission. They lost the beauty parade. I think they began to realise they were not going to succeed."

Back in Hong Kong, where Mr Purves' standing as chairman of the colony's most important financial institution, as well as chief of the Jockey Club, allows him to waltz through three or four drinks parties a night, more like a member of the glitterati than a banker, he will prepare for the next hurdle.

On Tuesday his bank holds an extraordinary general meeting to approve the Midland bid, and *the second offer* document is due to be released on the same day. "We've still quite a lot of work to do, but I'm confident" he said.

Mr Purves was guarded about Hongkong Bank's longer-term plans for Midland, and would only comment: "There must be some rationalisations and some streamlining. But it's still a bit early to say."

Investors regret a lost chance

By Norma Cohen, Investments Correspondent

THE DECISION by Lloyds Bank to pull out of the bidding for its smaller rival, Midland, was greeted with regret by investors. Many had not only hoped for a more generous offer but had been hesitant at the thought of holding a large stake in Hongkong and Shanghai Bank.

"What a pity," sighed one of Midland's main institutional shareholders, who had championed Lloyds' bid.

Lloyds' success in paring its costs and focusing its business has won admiration from its institutional shareholders. *They had hoped it would turn* those skills on Midland. Also they were uncertain about the merits of HSBC's global operations and feared that its profitable Hong Kong activities would cease after 1997.

However, the unease about holding HSBC shares is not significant enough to deter shareholders from taking advantage of the offer now that cash has been added to the pot.

Investors also said that regardless of any concerns they may have about HSBC's businesses, the new bank will be one of Britain's largest companies and its shares will rank near the top of the key stock indices. Thus the shares will have value because passive fund managers will have to own them and active fund managers seeking to keep pace with the indices *will have to* buy them.

However, shareholders noted that those institutions which had sold short HSBC shares in the hope of covering the position with new shares are likely to be disappointed. The current shares, which have a nominal value of HK$10, will be replaced by new ones with a face value of 75p.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price p	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	288	280	Brazilian Inv Tst Units	282		–	–	–	–
–	F.P.	–	4	2	Brent Walker Wts to Sub	3	–1	–	–	–	–
–	F.P.	–	106	103	Grosvenor Inns	103		H4.0	–	5.2	–
75	F.P.	–	90	84	♣Hughes (TJ)	85		W2.25	2.2	3.5	17.5
110	F.P.	–	149	145	Industrial Control Servs	146	–1	Rs3.6	2.0	3.3	16.5
£10⅝	F.P.	–	£12¼	£10½	Latin Am Inc & Appr. Ic	£10½		–	–	–	–
–	F.P.	–	41	34½	M & G Recovery Inc.	40½	–½	F3.75	–	12.3	–
–	F.P.	–	25½	12¼	Do Capital	25		–	–	–	–
–	F.P.	–	65	46½	Do. Geared Units	64½		F3.75	–	7.8	–
–	F.P.	–	122	96	Do Package Units	122		F3.75	–	4.1	–
–	F.P.	–	11	¼	Multitrust Warrants	11		–	–	–	–
–	F.P.	–	26½	22½	Welpac (RFD)	26		–	–	–	–

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
285	Nil	9/7	64pm	52pm	BICC	57pm	–3
200	Nil	22/7	41pm	39pm	Blue Circle	39pm	
285	Nil	9/6	77pm	70pm	Concentric	70pm	
14	Nil	16/7	4pm	1¼pm	Eadie	3pm	+1¾
5	Nil	15/7	¼pm	¼pm	Europa Minerals 2p	¼pm	
57	Nil	19/6	½pm	¼pm	Falcrum Inv Trust Inc	½pm	
95	Nil	12/6	20pm	5pm	Ingham	5pm	
190	Nil	22/7	43pm	43pm	Pittencrieff 10p	43pm	
280	Nil	24/6	228pm	130pm	♣Proteus Intl	168pm	–14
400	Nil	10/7	110pm	83pm	Transfer Technology	88pm	+5

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♣ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
-	F.P.	-	15p	8p	Brent Walker Var Rte 2nd Prf '00/07	12p	
-	F.P.	-	13p	5p	Do. 8½pc 3rd Non-Cum Cnv Prf 2007/10	6p	+1
100p	F.P.	-	105½p	102½p	Commercial Union 8¾pc Cm Irrd Pf	104¾p	+¼
-	F.P.	-	59½p	48½p	M & G Recovery Zero Div Prf 1p	58¾p	-¼

TRADITIONAL OPTIONS

- First Dealings May 18
- Last Dealings June 5
- Last Declarations Aug. 20
- For settlement Sept. 1

3-month call rate indications are shown on page 11.

Calls in **Expln. Co Louisiana, Ferranti, Kunick, Lucas warrants, Pentland, Proteus Intl.** and **Vistech.** Put in **Kwik-Fit.** Put and call in **Lloyds Bank.**

NEWS DIGEST

Carr's Milling up to £125,000

CARR'S MILLING Industries, the Carlisle-based miller, baker and animal feed maker, more than doubled pre-tax profits to £125,000 in the half year to February 29. Last time profits were £52,000.

The result was after bakery rationalisation and redundancy costs of £102,000 and charges of £99,000 connected with a 1989 wheat contract which had gone to arbitration.

Turnover improved to £38.9m (£37.6m) including £3.78m (£3.66m) inter-company reprocessing sales.

Intense competition in the flour milling and baking businesses had continued to affect margins, the company said. Volumes, however, had been maintained.

The egg laying and packing subsidiary had produced "disappointing" results while the engineering and restaurant businesses had traded well.

Earnings per share emerged at 1.5p (0.8p losses) and the directors are holding the interim dividend at 1p.

Mid Southern Water achieves £7.47m

In its first set of results since converting to a public company last August, Mid Southern Water announced pre-tax profits of £7.47m for the 12 months to March 31. In the previous 15 months profits amounted to £5.78m.

Turnover was £31.9m (£30.9m). A final dividend of 2.6p is proposed for a total of 87.8p. Earnings per share were 200.2p.

Mr Patrick Packham, chairman, said the company's strong financial performance had allowed price increases in April 1992 to be restricted to 10.8 per cent compared with 21.2 per cent in April 1991.

He added that Mid Southern's capital expenditure had totalled £8.93m in the year and that it was constructing, at an estimated cost of £24m, treatment works on the River Thames at Bray.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Carr's Milling ....int	1	July 9	1	-	3.9
Dowty Group ....fin	5.6	Oct 1	5.6	9.2	9.2
EFM Income ....fin	1.275	Aug 3	-	4.875	-
Mid Sthn Water ....fin	2.6	July 17	-	87.8	-
Property P'ships........fin	4.5	July 27	4.35	7	6.8
Somic ....fin	1	Aug 14	1	1	1
Wintrust ....fin	6.3	Oct 1	6.3	9.3	9.3

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

Wintrust declines to £3.02m

Wintrust, the merchant banker, saw pre-tax profits for the year to March 31 fall from £4.01m to £3.02m. However, the company said that the second six months showed profits 10 per cent higher than the comparable period and the return on assets had increased from 2.7 per cent to 3.7 per cent.

Mr Richard Szpiro, managing director, said the results must be regarded with satisfaction as they covered a period in which the problems of financial companies worsened.

Earnings per share were 19.54p (27.37p) basic or 19.16p (25.66p) fully diluted. An *unchanged final dividend of* 6.3p is proposed for a maintained 9.3p.

Recession leaves Somic in the red

With almost all areas of its business affected by the recession, Somic, the paper spinner and weaver, reported pre-tax losses of £113,528 for the year ended March 31 1992, against £50,113 profits before. Turnover fell 11 per cent to £3.5m.

The directors said they were taking continuing action to reverse this position and a gradual improvement was expected this year. Losses per share for the year were 2.83p (1.69p earnings) but the final dividend is held at 1p.

New product developments had taken longer to materialise than envisaged.

Automotive Prods rises to £5.7m

Automotive Products, the BBA subsidiary, reported pre-tax profits for 1991 of £5.7m, against £5.6m struck after an exceptional charge of £6.6m. Turnover fell from £279.4m to £269.3m.

Directors said the action taken to cut the cost base was already producing benefits.

After dividend payments of £7.3m (£7.9m) and extraordinary costs of £8.8m relating to costs of businesses sold and closed, loss for the year was £9.3m (£5.4m).

Property Partners declines to £1.76m

Property Partnerships, the property and hotels group, announced a fall from £2.06m to £1.76m in pre-tax profits for the year to March 31.

Mr Paul King, chairman, said in the past year the company had experienced the worst conditions in the property industry for 60 years, while hotels in the UK had had their most difficult time since 1982. Net rental income rose to £1.91m (£1.65m) while hotel turnover fell to £4.33m (£4.74m).

Earnings per share amounted to 13p (13.42p) and a final dividend of 4.5p (4.35p) is proposed for a total of 7p (6.8p).

The value of the investment properties at March 31 was £1m down at £22m – a deficit on book value of £1.5m. Net asset value per share was 348p (355p).

EFM Income net asset value at 39.1p

EFM Income Trust, which was launched in April 1991, reported net asset value of 39.1p per zero dividend preference share at April 30. Net asset value per ordinary share at the same date was 47.5p.

Net revenue for the period from launch to the end of April was £840,000. The ordinary holders are to receive a proposed dividend of 1.275p making a total of 4.875p, achieving the forecast yield of 10 per cent. Earnings were 5.6p.

Ivory & Sime buys back Ensign stake

Ivory & Sime, the investment trust manager, yesterday confirmed that it was buying back Ensign Trust's 7.2 per cent stake in the Ivory & Sime. The total cash paid will be £2.49m and the deal is scheduled to go through on Monday.

The purchase was arranged last month as part of a complex restructuring deal following the purchase of Ensign Trust by the Merchant Navy Officers' Pension Fund.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool selling price £/MWh
0030	20.33	17.13	17.13
0100	19.83	17.13	17.13
0130	17.60	17.19	17.19
0200	17.60	18.68	19.87
0230	17.60	18.78	19.97
0300	17.60	17.31	17.31
0330	17.60	17.16	17.16
0400	17.60	17.13	17.13
0430	17.60	17.11	17.11
0500	17.60	17.11	17.11
0530	17.50	17.15	17.15
0600	17.50	17.15	17.15
0630	19.53	17.16	17.16
0700	19.86	17.19	17.19
0730	19.42	17.17	17.17
0800	19.86	19.45	20.73
0830	23.95	19.85	21.09
0900	24.45	21.02	22.31
0930	26.67	20.77	22.06
1000	26.67	23.75	25.14
1030	26.67	23.75	25.11
1100	26.67	23.75	25.10
1130	26.67	23.75	25.09
1200	26.67	22.81	24.13
1230	26.67	22.81	24.13
1300	24.74	20.77	22.02
1330	24.45	19.85	21.05
1400	23.34	19.37	20.57
1430	20.03	19.20	20.41
1500	17.61	19.20	20.41
1530	17.57	17.19	17.19
1600	17.50	17.21	17.21
1630	17.72	19.20	20.40
1700	20.03	19.20	20.41
1730	23.34	19.20	20.39
1800	26.50	19.20	20.39
1830	26.50	19.20	20.39
1900	26.50	19.20	20.41
1930	23.34	19.20	20.41
2000	21.07	17.21	17.21
2030	20.03	17.21	17.21
2100	17.60	17.21	17.21
2130	18.87	19.20	20.39
2200	20.03	19.20	20.39
2230	26.50	19.20	20.39
2300	26.50	18.70	19.88
2330	19.47	18.70	19.88
2400	19.46	17.21	17.21

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Strong performance in the final quarter expected to continue

Dowty on target with £32.7m

By Maggie Urry

DOWTY GROUP, the aerospace company fighting for its independent future against a £522.2m bid from TI Group, yesterday published annual results showing pre-tax profits of £32.7m in the year to end March. The figure was in line with the group's earlier forecasts.

Mr Roy Roberts, Dowty chairman, said that there had been a strong performance in the final quarter of the financial year which he expected to continue. Following the cuts made to the group's cost base, including 3,000 job losses, he felt Dowty was well placed to benefit from improved trading conditions.

Late in the day Dowty put out a statement, at the request of the Takeover Panel, saying it had made no profit forecast for the current year. There had been talk that Dowty's profits would bounce to between £50m and £55m, but Dowty said this speculation had no proper foundation.

Although profits were down from £60.6m in the previous year, the figure was well above analysts' estimates of around £22m prior to Dowty's forecast in its defence document of £29m and its prediction of a £3m-£4m payment relating to the cancellation of a contract.

The £32.7m pre-tax figure included a £3.7m payment for the cancellation. Mr Reg Moore, finance director, said that such payments were a normal part of the business and he did not regard the amount as significant in group terms.

TI, whose bid closes on June 10 at 1pm, rapidly responded raising questions which it said the Dowty statement had not answered. Mr Chris Lewinton, chairman and chief executive, said "these figures only serve to highlight the generosity of our offers".

At last night's closing share price for TI of 361p, down 3p, the eight-for-15 share offer is worth 192.5p per Dowty ordinary share. Dowty's shares closed at 180p, down 2p, still above the 174.67p cash alternative.

Dowty's turnover was 9.7 per cent lower at £694.5m and operating profits pre-exceptionals were 37.2 per cent down to £49.5m. Exceptional items, relating to redundancy and reorganisation costs were £1.8m (£4.8m). The interest charge rose to £14.9m (£12.8m) as borrowings were up £21m to £134m.

Earnings per share were 8.2p (15p) failing to cover a planned unchanged total dividend of 9.2p, with a proposed 5.6p final. At the 192.5p offer price, the p/e is 23.5.

The aerospace division saw trading profits drop to £27.8m (£41.3m) as the military side reduced and there was destocking of spares for civil aircraft. Electronic systems contributed profits of £14.3m (£13m) but this included the £3.7m cancellation payment.

Dowty's information technology division, which has been the target of criticism by TI, lost £4.1m (profit £9.5m). Within that there was a £4.4m loss at Cognito, the public data messaging service which only went into operation last autumn. Polymer engineering made an unchanged £9.6m.

TI said that Dowty had reported profits after charging £25.7m of reorganisation costs directly to the balance sheet. But Mr Moore said these costs were set against provisions made through the profit and loss account in the previous year.

See Lex

Roy Roberts (left) chairman of Dowty and Chris Lewinton head of TI : no profit forecast for the current year

British Gas closes computer software arm

By Andrew Jack

AN EMBARRASSED British Gas has turned out the pilot light at a computer software subsidiary it founded two years ago which only managed to win two outside customers despite hiring up to 70 staff and making a substantial investment.

Information Architechs, originally established as Quadrant Software Services, was created to market what it believed would be a highly profitable computer-aided software engineering (Case) package developed by its employees in the north of England.

British Gas did not release a public statement about the closure and played down its significance with a short official comment when quizzed yesterday. It said the company was to cease trading after being hit badly by the recession.

In the accounts ending March 31 last year, it showed losses of £1.69m. British Gas said this year's losses would be up to £5m including winding-up costs.

Information Architechs grew ambitiously by opening offices in London and Windsor, and established a research and development centre in Leeds. It announced last year that it expected to win 20 per cent of the Case market by 1995.

But its only clients have been Mercantile & General, the re-insurance company, Clackmannan District Council in Scotland and the north-east region of British Gas itself. Since its creation, British Gas had also been buying products from one of its competitors.

Its operating costs rose rapidly and new management was brought in earlier this year. But sales staff were being recruited recently on a basic salary of £40,000 a year.

Mr Steuart Lauchlan, a journalist with Computing magazine who observed Information Architechs, said: "It behaved like a company that had been around five or six years, spending money on extravagant gestures but not on winning customers. The bottom line is it was a bit arrogant."

Heron's property values reduced by £300m

By Jane Fuller

BANKERS to Heron International, Mr Gerald Ronson's property and finance company which is seeking to reschedule £1bn of debt, heard yesterday that £300m had been knocked off the value of the group's property portfolio by the latest survey.

The 82 banks received a report from KPMG Peat Marwick, the accountants, which included a £1bn valuation of Heron's worldwide property portfolio. This compared with a £1.3bn valuation as part of an earlier report by Price Waterhouse, which is advising Heron.

The lower figure was produced by Debenham Tewson & Chinnocks, which looked at the portfolio about a month later than the valuers working on Heron's March 31 snapshot. The firms which produced the earlier survey included St Quintin and Richard Ellis.

It was the collapse in Heron's estimated net assets to £115m by the end of March which put it in breach of banking covenants and precipitated the attempt to reschedule £1bn of the group's £1.45bn debt.

About £450m of Eurobonds are included in the restructuring. Following defaults, winning the support of the bondholders is one of the main hurdles for the proposals. They will receive information from the KPMG report, which recommends a controlled disposal of the investment property portfolio.

Heron had already warned bondholders not to take any hasty action because "in the event of a liquidation, it is estimated that the group's liabilities would exceed assets".

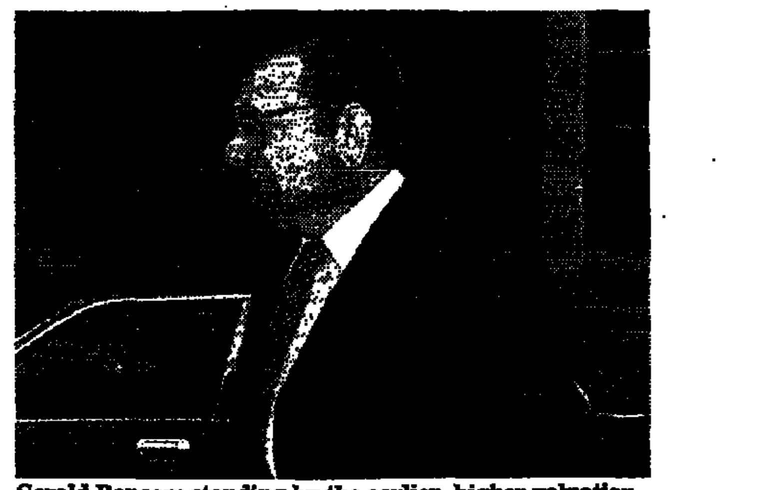
Leaving aside the fire-sale conditions which it is trying to avoid, Heron said yesterday that it stood by the £1.3bn valuation and it did not believe it had negative net worth.

"We remain committed to securing a successful outcome of the rescheduling of our debt, leading to payment in full for all our creditors over time." It expected to complete the restructuring negotiations by the autumn.

The banks, which have granted Heron a standstill agreement until the end of June, were said to be not particularly surprised at the lower valuation. It would be taken into account in discussions with the company, as would KPMG's recommendation of a controlled disposal, which echoed that of Price Waterhouse.

The gap between the two valuations was said to reflect the difficulty of valuing property in the current market. The difference in timing, bearing in mind the continuing deterioration of sentiment as the Olympia & York crisis deepened, was one of the factors.

The five banks on the steering committee dealing with Heron Barclays, National Westminster, Bank of America, Royal Bank of Canada and Chemical Bank.



Gerald Ronson: standing by the earlier, higher valuation

Reuters settles Australian tax claim out of court

By Maggie Urry

REUTERS HOLDINGS, the international news agency, said yesterday it had settled out of court a claim from the Australian Tax Office at A$59m (£24.7m), well below the A$164.5m the ATO had demanded. The payment will be treated as an extraordinary item.

The claim arose when Reuters took over Australian Associated Press, a company which had earlier sold some Reuters shares when the company was floated in 1984 and swapped some for new Reuters shares. It sold some of these in 1986.

Reuters bought a 48.8 per cent stake in AAP, whose only significant asset was its Reuters shares, in 1988 and acquired the rest of the company in 1989. In 1990 the ATO decided that the gain made on the share sale should be liable to income tax and put in its claim.

Reuters had disclosed the claim as a contingent liability in its last three sets of accounts.

The dispute was due to come to court next week but the ATO then offered to settle. Reuters said its lawyers advised that the settlement was reasonable.

Reuters shares fell 21p to £11.79.

Kenwood puts out its pathfinder prospectus

By Peggy Hollinger

KENWOOD Appliances, the small kitchen equipment company purchased by management from Thorn EMI in 1989 for £57m, yesterday published its pathfinder prospectus for the flotation due on June 17.

The company, which reported pre-tax profits of £4.3m (£760,000 loss) for the year to March 31, is expected to be valued at about £100m, on a share price pitched between £2 and £3. The price earnings ratio is likely to be about 16 times, compared with a consumer index of over 17.

Some 40m to 45m shares are expected to be issued, representing approximately half the total share capital, and will be divided equally between an institutional placing and an open offer.

Mr Tim Parker, chief executive, said the group would use the proceeds of the flotation to pay off its £40m bank borrowings. The 11 senior management will hold about 8 per cent of the equity, including Mr Parker's 2 per cent.

Mr Parker said trading in the current year was going "very well and our prospects are excellent".

The closing date for applications to the public offer is June 24. Dealings are expected to begin on July 1.

Storm runs into £98,000 losses

STORM GROUP, the West Midlands-based video and book publishing concern, ran up pre-tax losses of £98,000 in 1991. This compared with an expected out-turn of about break-even and with £369,000 profits for the previous 13 months.

Mr James Driscoll, chairman, blamed the setback on the adverse effect on short-term profits due to senior management time being spent on major acquisitions during the final quarter.

In addition, £60,000 profit from 1991 had been deferred until this year due to a requested delay in delivery of books and videos.

Mr Driscoll said that although 1991 was a disappointing year in terms of results, Storm's market position was now stronger and it was making significant strides towards meeting its objectives of becoming a leading animation and licensing organisation in Europe.

He reported that during the first four months of 1992 the group had traded profitably at the pre-tax level.

Turnover for the year increased to £1.43m (£985,000 for 13 months) mainly because of a full contribution from A4 Publications, the licensing publications offshoot, compared with only two months in 1990.

Net interest received fell to £85,000 (£253,000) reflecting the production costs of three cartoon animation series and lower interest rates. An extraordinary charge this time of £290,000 related to a provision against Storm's investment in its 50 per cent owned associate, Storm Education.

Losses per share were 0.002p (0.68p earnings). The company's shares trade on the USM.

ECONOMIC DIARY

TODAY: Mr John Major, prime minister, pays four-day visit to the US. He also visits Columbia (until June 10) and Rio de Janiero (June 10-11).

TOMORROW: Worldwide aviation safety and security conference in Chicago

MONDAY: Credit business (April). Hearing reconvenes in the High Court to agree settlement terms with the creditors for the failed Bank of Credit and Commerce International. Annual report of British Overseas Trade Board.

TUESDAY: International banking statistics (first quarter). Housing starts and completions (April). Producer price index numbers (May). US productivity and costs (first quarter-revised); wholesale sales and inventories (April). The finance ministers of the European Community meet in Luxembourg. European Community fisheries council meets in Luxembourg. Mr Jacques Attali, president of the European Bank for Reconstruction, makes speech in Basle about future relationship between west and east central Europe. HSBC Holdings holds extraordinary general meeting to vote on company's offer for Midland Bank. OFWAT publishes annual report.

WEDNESDAY: US housing completions (April).

THURSDAY: Capital issues and redemptions (May). Provisional figures of vehicle production (May). CBI survey of distributive trades (May). US retail sales (May); producer price index (May) and jobless claims. European Community interior ministers hold two-day meeting in Lisbon. Conference on US/Europe relations after 1992 in Amsterdam (until June 12). Financial Times holds conference "Commercial Aviation and Aerospace in East and West Europe – Opportunities for Co-operation and Collaboration" in Berlin.

FRIDAY: Usable steel production (May). Overseas direct investment (1990). Construction output (first quarter - provisional). Retail prices index and tax and price index (April).

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday June 5 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Jun 4 Index No.	Wed Jun 3 Index No.	Tue Jun 2 Index No.	Year ago (approx) Index No.	1992 High	1992 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (179)	885.46	-0.7	6.65	5.27	19.59	15.19	892.10	891.08	895.70	828.88	929.04 20/5	739.74 10/1	1038.07 16/7 /87	50.71 13/12/74
2 Building Materials (22)	1016.27	-2.0	5.36	5.85	25.92	19.03	1037.25	1034.11	1044.00	1058.90	1121.52 11/5	872.32 10/1	1381.08 16/7 /87	44.27 11/12/74
3 Contracting, Construction (28)	979.56	-0.7	3.60	6.17	59.46	24.60	986.44	987.34	1001.31	1287.94	1069.64 11/5	827.89 10/1	1951.50 16/7 /87	71.48 2 /12/74
4 Electricals (8)	2669.04	-0.7	6.46	5.78	20.12	68.82	2687.51	2694.65	2711.33	2391.31	2758.50 22/5	2296.79 2 /1	3040.80 8 /9 /89	84.71 25/6 /62
5 Electronics (29)	1982.26	.....	9.04	4.29	14.02	7.29	1982.69	1977.52	1985.96	1740.04	2080.64 13/5	1655.93 13/1	2308.22 19/5 /89	1229.01 8 /10/85
6 Engineering-Aerospace (7)	383.87	-0.4	9.06	6.76	14.08	11.16	385.47	383.37	386.10	429.02	406.10 20/5	313.50 14/2	502.42 13/6 /90	313.50 14/2 /92
7 Engineering-General (44)	564.12	-0.3	7.47	4.23	16.63	8.24	565.98	565.40	561.29	445.34	567.62 20/5	455.80 2 /1	567.62 20/5 /92	339.57 23/1 /91
8 Metals and Metal Forming (8)	361.64	-0.4	0.91	9.54	-	2.03	363.25	364.81	364.19	457.57	379.31 18/5	295.34 10/1	596.67 9 /10/87	49.65 6 /1 /75
9 Motors (14)	384.40	-1.0	6.92	6.12	19.02	10.04	388.12	392.43	396.69	321.77	403.06 21/5	277.78 10/1	411.42 13/10/87	19.91 6 /1 /75
10 Other Industrial Materials (19)	1815.63	-0.6	6.82	4.56	17.66	33.79	1826.45	1821.52	1832.35	1513.16	1906.65 11/5	1495.50 2 /1	1906.65 11/5 /92	277.55 15/1 /81
21 CONSUMER GROUP (188)	1700.70	-0.8	7.17	3.39	17.11	20.48	1714.07	1717.32	1737.01	1470.88	1761.38 11/5	1565.23 8 /4	1761.38 11/5 /92	61.41 13/12/74
22 Brewers and Distillers (24)	2187.67	-1.2	7.67	3.39	15.68	26.21	2214.16	2206.90	2244.83	1810.16	2278.85 11/5	1938.05 8 /4	2278.85 11/5 /92	69.47 13/12/74
25 Food Manufacturing (17)	1279.00	-0.2	8.31	4.11	14.90	21.18	1281.05	1276.68	1284.78	1167.23	1327.80 11/5	1212.43 8 /4	1327.80 11/5 /92	59.67 11/12/74
26 Food Retailing (18)	2916.71	-0.5	8.37	3.13	15.52	34.95	2932.58	2927.77	2946.69	2734.57	2998.16 18/5	2293.80 10/1	2998.16 18/5 /92	54.25 11/12/74
27 Health and Household (24)	4082.44	-1.0	6.75	2.60	16.87	35.91	4122.93	4149.92	4214.58	3481.95	4654.94 14/1	4009.23 23/4	4654.94 14/1 /92	175.38 28/5 /80
29 Hotels and Leisure (20)	1389.31	-1.1	5.69	4.88	22.76	23.50	1405.12	1392.59	1405.31	1284.28	1450.36 13/5	1210.11 2 /1	1845.77 8 /9 /89	54.83 9 /1 /75
30 Media (25)	1634.10	-0.8	6.04	3.40	20.60	18.30	1646.47	1658.28	1663.12	1413.18	1721.09 11/5	1402.70 8 /1	1721.09 11/5 /92	1166.91 16/1 /91
31 Packaging, Paper & Printing (17)	842.56	-0.7	6.16	3.92	19.74	11.84	848.69	847.46	851.24	691.63	875.53 13/5	714.55 2 /1	875.53 13/5 /92	43.46 6 /1 /75
34 Stores (33)	1075.05	-0.4	7.12	3.44	18.56	12.26	1079.84	1091.95	1105.29	908.72	1135.66 27/4	941.79 3 /4	1160.58 29/7 /87	52.63 6 /1 /75
35 Textiles (10)	731.63	-0.1	6.28	4.25	20.10	12.44	732.70	732.43	738.22	533.82	756.70 8 /5	587.29 8 /1	914.52 2 /10/87	62.66 11/12/74
40 OTHER GROUPS (116)	1329.75	-0.3	9.23	4.91	13.59	17.76	1333.78	1330.41	1339.73	1232.98	1359.32 11/5	1140.56 3 /4	1359.32 11/5 /92	58.63 6 /1 /75
41 Business Services (17)	1491.39	-1.3	6.55	4.27	19.24	15.14	1510.41	1508.06	1503.18	1196.67	1511.16 11/5	1233.67 8 /4	1511.16 11/5 /92	892.28 1 /2 /91
42 Chemicals (22)	1553.37	-0.3	6.87	4.70	17.85	31.75	1557.73	1551.93	1557.99	1383.26	1629.99 8 /5	1392.40 10/1	1629.99 8 /5 /92	71.20 1 /12/74
43 Conglomerates (11)	1397.93	-1.2	9.24	6.79	13.52	23.62	1414.61	1406.91	1428.75	1500.95	1509.94 11/5	1249.23 13/2	1819.46 11/8 /89	975.19 10/11/87
44 Transport (14)	2675.40	-0.7	6.95	4.33	17.60	40.88	2694.11	2691.82	2688.11	2190.43	2790.11 20/5	2256.85 8 /4	2790.11 20/5 /92	90.80 29/6 /62
45 Electricity (16)	1337.99	+0.3	13.43	4.92	9.60	17.21	1334.36	1324.61	1335.35	1222.61	1337.99 5 /6	1044.63 7 /4	1337.99 5 /6 /92	994.96 7 /1 /91
46 Telephone Networks (4)	1480.39	+0.7	10.35	4.40	12.61	16.02	1470.57	1458.89	1476.50	1480.11	1505.86 22/5	1274.20 3 /4	1658.67 2 /10/91	517.92 30/11/84
47 Water (10)	2901.83	.....	14.90	5.69	7.42	19.52	2903.15	2885.42	2882.30	2363.19	2934.20 11/5	2140.95 8 /4	2934.20 11/5 /92	1820.20 1 /5 /90
48 Miscellaneous (22)	2079.58	-1.2	5.67	4.74	23.30	22.54	2105.67	2138.47	2156.19	1898.36	2167.85 11/5	1770.94 3 /1	2167.85 11/5 /92	60.39 6 /7 /75
49 INDUSTRIAL GROUP (483)	1381.19	-0.6	7.72	4.22	16.16	18.51	1389.84	1389.74	1402.09	1239.72	1427.97 11/5	1231.76 3 /4	1427.97 11/5 /92	59.01 13/12/74
51 Oil & Gas (17)	2196.82	+1.2	6.90	6.47	19.03	63.69	2171.55	2151.34	2165.14	2390.79	2226.66 2 /1	1937.42 3 /4	2528.70 3 /8 /90	87.23 29/5 /62
59 500 SHARE INDEX (500)	1457.16	-0.4	7.64	4.46	16.42	21.93	1463.57	1462.07	1474.70	1337.67	1493.99 11/5	1298.02 3 /4	1493.99 11/5 /92	63.49 13/12/74
61 FINANCIAL GROUP (86)	776.45	-0.8	-	5.84	-	19.04	782.36	785.38	789.03	784.35	802.65 20/5	637.33 3 /4	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	1002.12	-0.5	4.81	5.45	32.87	24.58	1007.08	1012.90	1012.23	879.27	1026.34 20/5	790.95 3 /4	1026.34 20/5 /92	62.44 12/12/74
65 Insurance (Life) (6)	1491.58	-1.4	-	5.97	-	44.26	1513.11	1527.75	1554.06	1472.13	1613.38 21/5	1243.61 6 /4	1632.53 4 /9 /91	44.88 2 /1 /75
66 Insurance (Composite) (7)	544.29	-1.3	-	6.39	-	13.46	551.68	547.70	546.78	647.18	564.54 13/5	419.96 8 /4	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (10)	970.06	-0.9	8.01	6.73	16.44	25.92	978.79	971.34	997.38	1091.51	1031.35 27/1	891.99 8 /4	1399.56 17/7 /87	65.86 16/12/74
68 Merchant Banks (7)	515.05	+0.2	-	4.14	-	8.56	514.04	513.94	514.28	422.49	521.89 22/5	405.18 7 /4	547.59 12/10/87	31.21 7 /1 /75
69 Property (32)	680.14	-0.9	8.58	6.78	15.70	16.55	686.21	693.96	705.14	931.61	799.69 20/1	613.80 8 /4	1398.87 5 /9 /89	56.01 20/4 /65
70 Other Financial (15)	266.36	-0.4	6.83	6.53	19.85	4.34	267.31	267.28	266.66	280.91	271.79 26/5	221.16 7 /4	603.48 16/7 /87	33.29 17/12/74
71 Investment Trusts (69)	1237.03	-0.6	-	3.63	-	16.78	1244.73	1248.69	1253.91	1209.16	1273.08 11/5	1112.66 8 /4	1323.81 4 /1 /90	71.12 13/12/74
99 ALL-SHARE INDEX (655)	1294.13	-0.5	-	4.60	-	20.88	1300.37	1299.93	1310.39	1204.29	1326.36 11/5	1142.45 3 /4	1326.36 11/5 /92	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jun 4	Jun 3	Jun 2	Jun 1	May 29	Year ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2668.5	-13.4	2682.0	2664.7	2681.9	2680.9	2705.9	2697.6	2707.6	2506.3	2737.8 11/5	2382.7 3 /4	2737.8 11/5 /92	986.9 23/7 /84

FIXED INTEREST

PRICE INDICES	Fri Jun 5	Day's change %	Thu Jun 4	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (25)	123.43	+0.06	123.36	2.82	4.62
2 5-15 years (24)	139.26	-0.03	139.30	2.93	5.45
3 Over 15 years (10)	150.43	-0.19	152.17	2.31	4.83
4 Irredeemables (6)	166.60	+0.20	166.27	1.27	6.35
5 All stocks (65)	136.80	-0.02	136.99	2.84	5.21
Index-Linked					
6 Up to 5 years (2)	172.90	+0.14	172.65	0.71	1.83
7 Over 5 years (9)	153.45	+0.07	153.34	1.24	1.64
8 All stocks (11)	154.95	+0.08	154.82	1.16	1.65
9 Debs & Loans (63)	120.84	-0.23	121.12	1.79	5.48

AVERAGE GROSS REDEMPTION YIELDS		Fri Jun 5	Thu Jun 4	Year ago (approx.)	1992 High	1992 Low
British Government						
1 Low	5 years	8.05	8.02	9.36	9.43 2 /4	7.91 1 /6
2 Coupons	15 years	8.93	8.93	9.94	9.72 1 /4	8.80 1 /6
3 (0%-7¾%)	20 years	8.93	8.93	10.08	9.72 1 /4	8.80 1 /6
4 Medium	5 years	9.20	9.19	10.48	10.28 1 /4	9.07 1 /6
5 Coupons	15 years	9.01	8.99	10.39	9.82 1 /4	8.84 1 /6
6 (8%-10¾%)	20 years	8.98	8.95	10.30	9.76 1 /4	8.81 2 /6
7 High	5 years	9.40	9.39	10.65	10.50 1 /4	9.26 1 /6
8 Coupons	15 years	9.22	9.20	10.55	9.96 1 /4	9.00 22/5
9 (11%-)	20 years	9.16	9.14	10.42	9.86 1 /4	8.95 22/5
10 Irredeemables	†	9.12	9.14	10.31	9.92 2 /4	9.02 2 /6
Index-Linked						
11 Inflation rate 5%	Up to 5yrs.	3.99	4.01	4.26	4.14 2 /1	3.52 4 /3
12 Inflation rate 5%	Over 5 yrs.	4.32	4.32	4.26	4.60 6 /4	4.27 17/2
13 Inflation rate 10%	Up to 5 yrs.	3.29	3.31	3.40	3.50 2 /1	2.86 4 /3
14 Inflation rate 10%	Over 5 yrs.	4.15	4.14	4.08	4.42 6 /4	4.07 17/2
15 Debs &	5 years	10.46	10.44	11.90	11.51 6 /4	10.32 1 /6
16 Loans	15 years	10.27	10.25	11.70	11.22 6 /4	10.07 1 /6
17	25 years	10.17	10.15	11.52	11.02 6 /4	9.98 1 /6

‡Opening index 2679.6; 9 am 2681.0; 10 am 2672.3; 11 am 2673.8; Noon 2673.5; 1 pm 2668.9; 2 pm 2668.2; 2.30 pm 2668.5; 3 pm 2665.7; 4.10 pm 2668.3; (a) 9.06am (b) 2.53pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323. CONSTITUENT CHANGE: DELETION: Govett Atlantic Investment Trust (71).

LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*650)	600	61	83	95	4	12	17
	650	25	49	63	20	29	35
	700	8	28	39	54	62	65
ASDA (*31)	25	9	10	10½	1	2½	3½
	30	4	6½	8½	3	3½	6
	35	2	5	6½	6	7	9
Brit. Airways (*282)	260	30	41	46	3	8	11
	280	16	28	34	9	14	19
	300	7	18	25	23	26	29
SmKl Beecham A (*890)	800	106	128	155	3½	13	20
	850	65	92	114	11	26	34
	900	35	62	87	29	46	54
Boots (*459)	420	41	54	61	4	8½	13
	460	11	27	36	20	22	29
B.P. (*275)	260	22	29	32	3½	9	10½
	280	9	17	22	10½	18	20
British Steel (*79)	70	10½	13	14½	2	3	4½
	80	3½	7½	8½	5	7	9
Bass (*605)	600	25	46	54	12	21	29
	650	7	22	30	47	48	59
C & Wire (*552)	550	18	36	47	21	31	36
	600	4	16	26	62	65	68
Courtaulds (*560)	550	30	51	63	12	21	26
	600	8	26	38	41	49	52
Com. Union (*493)	460	43	50	63	3½	11	14
	500	16	26	38	20	29	32
Fisons (*359)	330	40	53	61	5	12	16
	360	19	35	43	15	24	29
GKN (*417)	390	37	46	56	4½	12	16
	420	15	28	38	14	26	29
Grand Met. (*485)	475	26	39	-	10	20	-
	500	13	27	37	24	34	36
I.C.I. (*1326)	1300	64	90	122	19	49	57
	1350	34	65	94	44	74	82
Kingfisher (*525)	500	38	55	66	6	14	18
	550	11	28	40	29	38	44
Ladbroke (*231)	220	19	27	30	5	10½	13
	240	7½	16	20	14	21	23
Land Secur (*408)	390	28	40	45	5	9	13
	420	10	22	29	16	22	26
M & S (*327)	300	34	44	48	2½	5½	7½
	330	12	23	30	11	15	18
Sainsbury (*468)	460	22	40	50	9	14	20
	500	5½	19	29	35	40	41
Shell Trans. (*519)	500	30	39	51	5½	14	18
	550	5½	16	25	35	42	44
Storehouse (*145)	140	9	16	20	7½	9	11
	160	2½	8	11	20	22	23
Trafalgar (*136)	130	14	22	25	5	10½	14
	140	9	16	21	11	16	21
Utd. Biscuits (*389)	360	38	50	55	2½	6	8½
	390	15	29	35	9½	16	19
Unilever (*927)	900	48	75	90	11	21	27
	950	19	45	62	35	44	49
Option		Aug	Nov	Feb	Aug	Nov	Feb
Brit Aero (*343)	300	53	59	62	4	10	14
	330	30	37	45	13	23	25
	360	16	23	31	27	38	41

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
BAA (*664)	600	72	90	100	5	11	15
	650	32	55	68	20	26	30
	700	13	30	43	50	56	57
BAT Inds (*781)	700	97	105	122	5	11	15
	750	55	72	90	16	26	30
	800	26	43	60	42	50	55
BTR (*466)	420	57	63	71	2	7	9
	460	26	35	45	12	21	24
	500	9	16	26	35	43	46
Brit. Telecom (*363)	360	16	23	27	15	18	23
	390	5	11	15	38	40	43
Cadbury Sch (*466)	460	27	40	52	14	20	25
	500	10	20	32	39	44	46
Eastern Elec (*283)	280	14	20	26	17	19	21
	300	6	12	17	31	32	34
Guinness (*586)	550	55	70	85	8	14	16
	600	23	38	53	28	34	38
GEC (*222)	220	9½	14	18	11	13½	17
	240	3½	7	11	28	28	30
Hanson (*228)	220	17	21	25	4	8	10½
	240	6½	10½	15	14½	18	20½
LASMO (*198)	180	32	42	47	8	13	16
	200	19	30	38	17	22	26
Lucas Inds (*136)	130	15	19	20	5	9½	11
	140	9	13	15	10	15	17
P. & O. (*491)	460	50	57	69	8½	22	26
	500	25	44	47	25	40	45
Pilkington (*137)	130	13	18	22	7	11	12
	140	8	14	16	11	16	17
Prudential (*240)	240	15	20	26	10	15	17
	260	6	12	17	22	26	28
R.T.Z. (*625)	600	48	65	80	12	24	29
	650	20	38	53	37	49	50
Scot. & New (*473)	460	27	37	45	16	22	24
	500	8	20	28	42	47	48
Tesco (*274)	260	25	31	38	4	7	8½
	280	10	19	25	12	15	17
Thames Water (*444)	420	27	38	43	11	16	21
	460	8½	18	22	35	40	43
Vodafone (*371)	360	26	40	47	12	19	22
	390	12	24	32	30	33	37
Option		Jun	Sep	Dec	Jun	Sep	Dec
Abbey Nat. (*290)	280	16	25	33	3½	8	12
	300	4	14	22	11	18	22
	330	1½	4½	11	40	41	42
Amstrad (*40)	35	7	10	11½	1½	3½	6
	40	3½	7	9	3	6	8½
	45	1½	4½	7	7	9½	11½
Barclays (*368)	330	39	45	52	1½	6½	10
	360	16	23	34	5½	19	24
	390	3	10	19	28	38	39
Blue Circle (*238)	232	12	21	28	4	10½	15
	252	3½	11	18	16	21	25
British Gas (*259)	240	21	29	33	1½	3	7½
	260	6	15½	20	6	10	16
Dixons (*259)	240	24	30	40	2	8½	13
	260	10	18	29	7	17	20
Eurotunnel (*362)	360	20	43	57	16	28	36
	390	7	25	44	40	46	55

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Glaxo (*740)	725	32	-	-	14	-	-
	750	19	52	72	27	47	64
Hillsdown (*177)	160	20	25	30	1½	4½	7½
	180	4½	13	18	7½	12	16
Lonrho (*88)	80	11	15	19	1½	5	7
	90	4	10	14	4	9	13
Midland Bk (*445)	420	33	46	57	3	9	16
	460	7	22	35	22	29	33
National Power (*244)	235	12	17	-	3½	10	-
	255	1½	-	-	14	-	-
Reuters (*1158)	1150	37	80	120	22	54	72
	1200	15	57	94	52	60	92
R. Royce (*165)	160	9	15½	19½	3	6½	10
	180	2	7	10½	16	18	21
Scottish Power (*184)	180	6½	13	14½	3	9	11½
	190	2	8	10	8½	16	17
Sears (*92)	90	5	11	14	3	5	7
	100	1½	6	10	8½	10½	13
Forte (*227)	220	11	20	26	4	8	14
	240	3	10	16	16	19	23
Thorn EMI (*850)	850	17	34	55	12	35	41
	900	3½	15	30	47	72	73
TSB (*151)	140	14	17	21	1½	5	7
	160	2	6	10	12	15	17
Vaal Reefs (*$51)	50	4½	6	7½	2	4	5½
	60	1	2	4	9	11	12
Wellcome (*944)	900	57	100	125	11	35	51
	950	23	70	97	34	59	75

EURO FT-SE INDEX (*2669)

	2475	2525	2575	2625	2675	2725	2775	2825
CALLS								
Jun	199	148	101	57	24	6	1½	1
Jul	218	171	127	86	55	27	13	6
Aug	-	190	-	110	-	53	-	17
Sep	-	204	-	130	-	70	-	33
Dec	-	265	-	198	-	135	-	80
Mar	-	305	-	235	-	175	-	125
PUTS								
Jun	1	1	3	10	27	58	105	153
Jul	4	7	13	23	42	68	100	143
Aug	-	16	-	36	-	80	-	147
Sep	-	23	-	43	-	83	-	143
Dec	-	36	-	58	-	93	-	143
Mar	-	50	-	75	-	107	-	149

FT-SE INDEX (*)

	2500	2550	2600	2650	2700	2750	2800	2850
CALLS								
Jun	177	129	79	38	12	3	1	½
Jul	194	147	103	66	37	19	8	3½
Aug	210	167	126	90	60	38	22	13
Sep	226	186	146	113	82	57	39	25
Dec †	-	283	-	209	-	144	-	92
PUTS								
Jun	1	1½	5	14	42	90	140	190
Jul	4½	9	15	29	55	95	141	190
Aug	11	17	27	45	67	100	142	192
Sep	18	27	39	55	77	109	145	193
Dec †	-	35	-	58	-	97	-	156

June 5 Total Contracts 26313
Calls 17856 Puts 8457
FT-SE Index Calls 2041 Puts 3499
Euro FT-SE Calls 44 Puts 541
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry mths
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

	p								
■ INDUSTRIALS	p	Charter Cons.	37	Ladbroke	18	Sears	8½	■ OILS	
Allied-Lyons	49	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	65	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BAT Inds	58	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	6½
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	83	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¾
Barclays	29	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Blue Circle	24	Gen Accident	38	NatWest Bank	26	Vickers	15	Tuskar Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	■ MINES	
Bowater	60	Glaxo	52	Racal Elect	6½	■ PROPERTY		RTZ	47
Brit Aerospace	26	Grand Met	39	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	55	Land Sec.	30		
Brit Telecom	25	Hanson	18	Ratners	3	MEPC	26		
Cadburys	38	ICI	95	Reed Intl	44	Mountleigh	1½		

Tapie holding company falls into red

By Alice Rawsthorn in Paris

THE FINANCIAL fortunes of Mr Bernard Tapie, the controversial entrepreneur who last week resigned from the French cabinet because of a fraud case, yesterday took a turn for the worse when Bernard Tapie Finances (BTF), his holding company, announced that it had fallen into a net loss of FFr294.9m ($54.6m) last year.

The BTF announcement intensified speculation about the future of its 51 per cent stake in Adidas, the German sporting goods group, which it acquired two years ago. Mr Tapie recently announced he might consider selling Adidas. Pentland, the UK consumer products company which last year bought 20 per cent of Adidas, is thought to be a likely purchaser.

Mr Frank Farrant, director of Pentland, said yesterday that "if Mr Tapie is interested in selling we would certainly be buyers – providing the price was right".

BTF is still trying to pay off the remainder of the FFr2bn debt incurred in the Adidas deal, which was viewed from *the outset as a risky acquisition because the German group* was far larger than Mr Tapie's existing interests, most of which he had acquired as bankrupt businesses in the early 1980s.

BTF's shares were suspended in Paris for an hour shortly after the announcement. They rose by FFr3.5 during the day's trading to close at FFr138.5.

One reason for BTF's swing into the red – from net profits of FFr47.97m in 1990 – was a *FFr184m payment towards Adidas*. By the end of 1991 its net debt stood at FFr3.64bn, 21 per cent lower than a year before, and shareholders funds at FFr1.72bn, a 26 per cent reduction. BTF said it would this month make the final FFr730m repayment on Adidas.

BTF hopes to sell Testut-Terraillon, its weighing machine business, which is already provisioned in the 1991 accounts, to help raise the FFr730m. It has already raised FFr365m by selling several businesses, including the La Vie Claire health food chain and a stake in the TF1 television station.

Meanwhile, Adidas is continuing its rationalisation programme by closing one of its *two Swiss subsidiaries with the* loss of 27 jobs. It faces bitter union opposition to its plans to shed 500 jobs in France.

Pentland, which negotiated pre-emptive rights over the rest of the Tapie holding in Adidas as part of last year's deal, has made no secret of its interest in Adidas. Mr Farrant said it had "off and on contact" with Mr Tapie.

Bernard Tapie: may consider selling Adidas stake

Pirelli backed on Continental voting

By David Waller in Frankfurt

GERMANY'S leading small shareholder association yesterday backed Pirelli, the Italian tyre company, in its forthcoming attempt to overcome shareholder voting restrictions at Continental, the German tyre group.

The Deutsche Schutzvereinigung für Wertpapierbesitz (DSW) – a Düsseldorf-based organisation which represents the interests of small shareholders and has about 10,000 members – said that the preservation of voting right restrictions is not in the interest of the mass of shareholders in Continental.

This declaration, made in an open letter to the management board of Continental, is a propaganda blow for Continental and Morgan Grenfell, its merchant bank, ahead of a shareholders' meeting on July 3. Pirelli will for the second year running challenge a rule which limits voting rights in Continental to a maximum of 5 per cent per individual shareholder, no matter how big that shareholder's holding.

The challenge represents a new phase of hostilities between the two groups, which were in merger talks for almost 18 months before negotiations broke down last December. Analysts suggest that Pirelli wants to get rid of the rule so that it can sell its shares in the German company at as high a price as possible.

Continental and Morgan Grenfell argue that the main reason for keeping the voting *restriction in place is that it* serves to protect small shareholders. The letter from the DSW says that shareholders' best interests are served if they are allowed to have voting rights commensurate with the level of their economic interest in a company, and that it will be encouraging its members to vote with Pirelli.

Pirelli – which owns 5 per cent of Continental directly and has options over another 34 per cent – is pressing ahead with a second attempt to overturn the restriction despite a court ruling in Hanover last week which annulled the outcome of shareholders' vote on the issue last March.

Last March, 65.97 per cent of shareholders voted in favour of the removal of the restriction. A simple majority of over 50 per cent was required to get the motion approved, but the restriction remained while the *vote was challenged in court.*

Morgan Grenfell said yesterday that it was confident that a majority of independent shareholders – those not associated with Pirelli – would vote against Pirelli's motion on July 3. It argues that in a country without rigorous takeover rules, the voting restriction provides a mechanism for stopping predators taking control of a company without having to make a full offer to all shareholders. It is not a mechanism for protecting incumbent management from being dislodged by shareholders, the bank argues.

It is not known how many shares DSW or its members own in Continental. The DSW declaration may encourage small shareholders actively to vote in favour of the Pirelli motion, rather than leaving the decision to the big German financial institutions which *have custody over private individuals'* shares. Continental and Morgan Grenfell have been visiting these institutions in recent weeks in order to influence the decision they take on behalf of their clients.

Metallgesellschaft profits static in first six months

By David Waller in Frankfurt

METALLGESELLSCHAFT, the Frankfurt-based metals, mining and engineering group, yesterday reported profits fractionally down for the first six months of the current year.

Pre-tax profits were DM161.5m ($100.9m) in the six months to the end of March – *just DM700,000 lower than the* DM162.2m made in the first half of last year. Turnover for the six-month period rose by 17 per cent to DM11.83bn, mainly because of acquisitions.

The company said that the flat performance – signalled earlier this year by chief executive Mr Heinz Schimmelbusch – reflected poor prices for non-ferrous metals and difficult conditions in its other markets, especially for its Kolbenschmidt car parts subsidiary.

Looking ahead, the company said that it assumed results for the full year would meet its expectations, in spite of difficult market conditions, continued uncertainty over metal prices and a lack of evidence of a decisive upturn in the economic outlook in Germany.

The company said profits from engineering would drop over the course of the year, in spite of a rising order book, but it had high hopes for the contribution from the businesses bought last year from Stora of Sweden – Buderus (building materials and stainless steel goods), Dynamit Nobel (explosives and plastics) and Cerasiv (ceramics and engineering plastics).

Managers buy camera subsidiary of Leica

By Christopher Parkes in Bonn

LEICA'S camera subsidiary, arguably the most famous of the few remaining camera makers outside Japan, is to be sold to its management and Deutsche Beteiligungsgesellschaft, a subsidiary of Deutsche Bank.

The 78-year-old brand name will remain the property of Wild Leitz, a private Swiss holding company, but the new owners, led by managing director Mr Bruno Frey, will be allowed to continue to use it on cameras, lenses, enlargers and projectors.

Sales last year were DM207m ($129.3m), or around 14 per cent of the parent group's total turnover of DM1.6bn. Group profits after tax were DM2.1m. Camera profits, the value of the deal and the size of the minority stake to be retained by the former owner were not disclosed in yesterday's announcement.

The disposal is understood to be part of a wide-ranging *rationalisation plan within the* group.

The remaining business, controlled by Mr Stephan Schidheiny, who is reputed to be one of world's richest individuals, will continue to focus on its core interests in microscopes, sensors, measurement *and environmental technology*.

The camera business employs 1,500 in factories in Germany and Portugal and in distribution subsidiaries in the UK, the US, Canada, France and Switzerland.

Leica Camera is based in Wetzlar, where it was founded in 1914, and from where it gained world renown as the successful developer of the 35mm camera for amateurs.

The company formally became a subsidiary of Britain-based Leica Plc after Wild Leitz – itself a part of Mr Schidheiny's Unotec holding group – merged with Cambridge Instruments in 1989.

Correction

Hongkong Telecom

IN yesterday's Financial Times the notes to a table showing the effect of lower prices for international telephone calls on Hongkong Telecommunications' earnings were incorrect. The words "optimistic" and "pessimistic" were transposed during compilation.

In addition, Hongkong Telecom's international revenues in 1992 were HK$11,084m. The corrected table will be published in Monday's edition.

Du Pont expected to take charge of at least $100m

By Alan Friedman in New York

DU PONT, the leading US chemicals group, is expected to record an extraordinary second quarter after-tax charge of $100m to $135m as a result of settlements of claims by horticultural growers that the company's Benlate DF anti-fungus product has damaged crops.

The charge, based on the company's announcement yesterday that it expected a second-quarter charge against earnings of 15 to 20 cents a share, would bring total fungicide payments by Du Pont to between $315m and $350m on an after-tax basis.

Last year, Du Pont took a charge of 32 cents a share after-tax, or $215m, because of fungicide claims.

Analysts expect the special charge could reduce expected *second-quarter earnings* of Du Pont from $571m, or 85 cents a share, to around $436m, or 65 cents. The company's first-quarter earnings declined by 18 per cent to $482m.

The fungicide powder was withdrawn from the US market in March 1991 after flower growers and other agricultural customers complained of plant *damage resulting from* the product, known as Benlate dry flowable.

Mr William Kirk, general manager of Du Pont's agricultural products division, said some claims rejected by the company were still being pursued by growers in legal actions. However, he predicted that 90 per cent of the claims would be settled or rejected by the company by the end of June.

The fungicide is estimated to have accounted for about $125m of annual revenues before it was taken off the market. Analysts estimate that total *1991* revenues of Du Pont's agricultural products division were about $1.8bn.

In Florida, state agricultural officials are believed to be investigating a series of complaints from growers that they have suffered harmful health effects from the Benlate product. The product has been widely used on ornamental *plants, vegetables and other* crops to prevent fungus growth.

BP of America to sell assets

By Alan Friedman and Neil Buckley in London

BP OF America plans to sell more than 300 petrol stations and two distribution terminals in California and Florida as the company continues to dispose of North American assets.

The US subsidiary of the UK energy group – which is based in Cleveland, Ohio – cited poor industry conditions and a lower-than-expected market *share in Florida and California* as reasons for its withdrawal from these states.

Analysts in London said the move represented an important turnround in British Petroleum's US strategy of building up its west coast network of filling stations.

At the group level, where total debt amounts to £8.56bn ($15.5bn), BP has embarked on a wide-ranging series of cost reduction measures.

The company did not disclose the expected value of proceeds from it US disposals, which come less than a month after BP raised $314m by selling off its 56.94 per cent shareholding in BP Canada.

Bid packages for the Florida and California assets were distributed to potential buyers last month.

BP's US operations still include five refineries, 7,500 *petrol stations and a number of* truck stop outlets. BP America had 1991 revenues of £9.3bn and a total workforce of 35,600 as of the end of 1991.

The assets being sold include 152 owned and leased petrol stations in Florida plus one distribution terminal there. In California some 158 petrol stations and another distribution terminal are to be sold.

Among those who will be affected by the BP withdrawal are independent dealers and jobbers who operate under the BP brand name in the areas.

BP stressed that the move did not mean it would "absolutely withdraw from these markets". It said the assets had been identified as non-core to BP's marketing business.

In a separate development, BP Oil, the Cleveland-based company that is selling the Florida and California assets, yesterday said Mr John McDonald, president, would resign on September 1 to concentrate on charity work and "to pursue an interest in higher education".

Mr McDonald will be succeeded by Mr Steven Percy, a 16-year veteran of the parent who is presently group treasurer of British Petroleum and chief executive of BP Finance International in London.

Western Mining defers expansion

By Kevin Brown in Sydney

WESTERN Mining Corporation (WMC), the Australian resources group, yesterday said *a proposed A$105m (US$80.1m)* expansion at its Kambalda nickel operations would be postponed, in spite of legislation relaxing restrictions on working hours.

The project has been abandoned or postponed several times over the last year as WMC pursued negotiations with the miners' union to achieve a switch from five-day to seven-day continuous mining.

The group reached agreement with the union last month after a series of strikes *and other disruptions* to production. However, the agreement was conditional on the passage of amendments to mining legislation through the Western Australian state parliament.

The amendments were approved on Thursday, but only after the government had added a further clause giving the state's mining minister the right to change permissible working hours at his discretion.

Mr Hugh Morgan, WMC managing director, said the additional amendment was "anything but acceptable". He said it "would seem to demonstrate that the state government is a captive of the union movement, and prefers to remain so, rather than create a positive investment climate".

Mr Morgan said WMC "cannot with confidence make further investments at Kambalda other than that consistent with *what is now contemplated as a* small operation".

WMC's expansion plan for Kambalda would increase deep mining at several mines in the area, where WMC produces around 35,000 tonnes of nickel a year.

The project is part of an A$400m spending programme intended to increase the group's total nickel output to 65,000 tonnes a year from 53,000 tonnes.

WMC shares fell 5 cents to A$5.30 on the Australian Stock Exchange after the announcement.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$338.65	+1.70	$366.75	$403.25	$335.90
Silver Per troy oz	221.50p	-0.67	266.85p	280.55p	183.35p
Aluminium 99.7% (cash)	$1303	-0.25	$1232.0	$1570	$1082.5
Copper Grade A (cash)	£1240.5	+25	£1317.0	£1472	£1147.0
Lead(cash)	£303.5	+5.5	£322.25	£362.5	£279.00
Nickel (cash)	$7180.0	-160	$8135	$9237.5	$7090.0
Zinc SHG (cash)	$1445	+2.5	$1063	$1457.5	$990.25
Tin (cash)	$6430	+180	$5750	$6437.5	$5425.0
Cocoa Futures (Sep)	£563	-1	£646	£829	£541
Coffee Futures (Sep)	$730	-16	$573	$908	$676
Sugar (LDP Raw)	$258.0	+10.1	$221	$293	$194
Barley Futures (Sep)	£107.40	N/C	£114.7	£122.95	£107.40
Wheat Futures (Sep)	£110.50	+0.35	£113.0	£141.10	£110.15
Cotton Outlook A Index	61.60c	-0.50	83.95c	86.25c	54.40c
Wool (64s Super)	418p	-6	375p	480p	329p
Oil (Brent Blend)	$21.25x	+0.525	$18.525	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-July.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$19.10-9.20y	+.325
Brent Blend (dated)	$21.25-1.40	+0.25
Brent Blend (Jul)	$21.20-1.30	+0.25
W.T.I (1 pm est)	$22.50-2.60y	+.225
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$237-239	+2.0
Gas Oil	$189-190	+3.0
Heavy Fuel Oil	$84-85	-0.5
Naphtha	$195-196	+1.0
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$338.75	+0.20
Silver (per troy oz)♣	406.5c	-1.0
Platinum (per troy oz)	$372.0	-0.05
Palladium (per troy oz)	$90.0	+0.4
Copper (US Producer)	108.21c	+1.64
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	15.94r	
Tin (New York)	298.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	109.79p	+0.97*
Sheep (live weight)†♣	99.15p	+4.23*
Pigs (live weight)†	82.61p	+4.13*
London daily sugar (raw)	$256.0t	+9.5
London daily sugar (white)	$303.0t	+6.0
Tate and Lyle export price	£250.0	+4.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£149.0z	
Wheat (US Dark Northern)	Unq	
Rubber (Jul)♥	52.75p	
Rubber (Aug)♥	52.75p	
Rubber (KL RSS No 1 Jul)	220.0r	+0.5
Coconut oil (Philippines)§	$590.0t	-10
Palm Oil (Malaysian)§	$392.5y	+2.5
Copra (Philippines)§	$395	
Soyabeans (US)	£152.0t	
Cotton "A" index	62.10c	
Wooltops (64s Super)	418p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Jun/Jul y-July w-Apr z-Jun. q-May. †Meat Commission average fatstockprices.* change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Aug	226.00	226.00	229.00	225.60
Oct	215.00	216.40	217.60	216.20
Dec	205.00	205.00	206.00	199.60
Mar	207.00	206.40	207.60	206.00
Aug	202.00		203.00	
White	**Close**	**Previous**	**High/Low**	
Aug	292.50	293.50	294.50	292.00
Oct	272.60	274.00	274.50	271.60
Dec	271.00	272.50	271.40	271.00
Mar	275.50	277.00	276.50	275.20

Turnover: Raw 591 (417) lots of 50 tonnes. White 739 (2113)
Paris- White (FFr per tonne): Aug 1601.75 Oct 1488.51

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Jul	21.30	21.16	21.37	21.20
Aug	21.16	21.05	21.24	21.06
Sep	21.06	20.96	21.12	20.97
Oct	20.96	20.87	21.00	20.86
Nov	20.77	20.70	20.87	20.75
Dec	20.71	20.62	20.80	20.63
IPE Index	21.04	21.07		

Turnover 30876 (21837)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Jun	188.50	186.00	189.25	186.75
Jul	189.75	187.00	190.25	188.00
Aug	191.25	189.00	192.25	189.75
Sep	193.25	191.00	194.25	191.75
Oct	195.50	193.25	195.75	194.00
Nov	197.25	195.00	197.50	196.00
Dec	198.25	196.00	199.00	197.75

Turnover 18515 (13762)lots of 100 tonnes

SPICES
Jamaica lifted its suspension of pimento sales and increased the official price to *$2,400 a tonne fob Kingston* from $2,100, reports Man-producten. European resellers offering spot Jamaican pimento at $2,550, ex-warehouse. Mexican new crop available at discount. Spot Madagascar cloves $1,000, shipment $940 cif. Commores spot $1,100. Seychelles cassia/cinnamom $1,360 cif Europe. Vietnam cassia, broken quality between $1,600 and $1,800 cif. Madagascan cinnamom FF6.25 a kg cif. Ginger Indian Cochin $1,000 and special quality $1,050.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Jul	541	546	547	539
Sep	563	568	568	562
Dec	598	602	603	596
Mar	628	632	633	627
May	648	652	653	648
Jul	669	672	673	668
Sep	687	694	690	686
Dec	716	730	720	715
Mar	742		744	741

Turnover: 4673 (3695) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 4 687.26 (687.32) 10 day average for Jun 5 691.85 (695.17)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
Jul	709	703	711	704
Sep	730	725	733	726
Nov	750	744	752	746
Jan	767	763	770	767
Mar	785	780	783	
May	798	796	800	

Turnover:1927 (1551) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jun 4: Comp. daily 49.00 (49.05) 15 day average 50.06 (50.09)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	90.5	90.5	90.5	90.0

Turnover 34 (112) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Jun	129.50		129.50

Turnover 15 (25)lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Jun	1091	1100	1105	1080
Jul	1025	1029	1031	1005
Aug	1040	1040	1045	1030
Oct	1169	1160	1169	1150
Jan	1210	1205	1216	1190
BFI	1203	1237	1203	

Turnover 136 (287)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Jun	124.40	124.45	124.40	124.25
Sep	110.50	110.45	110.50	
Nov	113.75	113.70	113.75	113.65
Jan	117.40	117.25	117.40	117.25
Mar	120.50	120.45	120.50	120.40
Jun	124.85	124.85	124.85	124.65
Barley	**Close**	**Previous**	**High/Low**	
Sep	107.40	107.60	107.40	107.30
Jan	114.25		114.25	114.10

Turnover: Wheat 91 (429) , Barley 52 (2).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low	
Jun	119.5	119.0	119.3	119.0
Jul	111.5	111.5	111.5	111.0
Aug	104.5	105.0	104.0	103.8
Sep	107.0		108.5	

Turnover:55 (27) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 22,285 lots	
Cash	1302.5-3.5	1305-6	1302.5	1302-2.5		
3 months	1328-9	1330-1	1334/1326	1328.5-9	1328-8.5	159,655 lots
Copper, Grade A (£ per tonne)					Total daily turnover 34,212 lots	
Cash	1240-1	1226.5-7	1242	1241-2		
3 months	1257.5-8	1252-2.5	1261.5/1255.5	1260.5-1	1255-5.5	101,516 lots
Lead (£ per tonne)					Total daily turnover 5,913 lots	
Cash	303-4	306-7	305/303	305-5.25		
3 months	313-4	315-6	320/312	314.5-5.5	312-3	17,004 lots
Nickel ($ per tonne)					Total daily turnover 5,233 lots	
Cash	7175-85	7287-92		7220-30		
3 months	7260-70	7370-80	7380/7260	7314-5	7265-70	22,691 lots
Tin ($ per tonne)					Total daily turnover 960 lots	
Cash	6425-35	6435-40	6405	6400-5		
3 months	6465-70	6468-70	6570/6430	6444-5	6450-60	8,540 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 12,676 lots	
Cash	1444-6	1420-5	1439/1425	1430-2		
3 months	1262-3	1252-3	1265/1253	1253-3.5	1263-4	59,764 lots

LME Closing £/$ rate:
SPOT: 1.8380 3 months: 1.8095 6 months: 1.7832 9 months: 1.7639

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	338.50-338.80	
Opening	338.80-339.20	
Morning fix	338.85	186.367
Afternoon fix	338.80	184.882
Day's high	339.20-339.50	
Day's low	338.40-338.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.51	6 months	3.41
2 months	3.46	12 months	3.59
3 months	3.42		

Silver fix	p/troy oz	US cts equiv
Spot	223.40	408.25
3 months	228.85	412.15
6 months	234.25	416.35
12 months	245.45	426.85

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	338.75-339.75	184.50-185.00
Maple leaf	349.50-350.50	190.50-191.00
New Sovereign	83.00-84.00	45.25-45.75

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1200	115	133	3	4
1300	27	56	12	25
1400	3	15	85	83
Copper (Grade A)	**Calls**		**Puts**	
2100	173	172	3	3
2200	75	84	3	12
2300	9	26	35	52
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
650	60	86	1	6
700	19	49	7	19
750	3	24	44	44
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
525	20	47	4	9
550	6	31	15	18
575	1	19	35	31
Brent Crude	**Jul**	**Aug**	**Jul**	**Aug**
2050			3	30
2100	39	64	13	49
2150	11	38		73

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jun	338.7	338.6	339.1	338.5
Jul	339.6	339.5	0	0
Aug	340.7	340.8	341.4	340.4
Oct	342.6	342.5	343.0	342.4
Dec	344.7	344.6	345.3	344.4
Feb	347.0	346.9	0	0
Apr	349.3	349.2	0	0
Jun	351.7	351.7	0	0
Aug	354.4	354.4	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	368.3	373.0	373.5	368.1
Oct	374.1	377.6	378.5	373.5
Jan	372.9	376.9	377.0	375.0
Apr	372.7	376.7	379.0	377.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jun	406.1	407.5	406.0	405.5
Jul	405.8	408.3	409.0	405.5
Aug	407.6	410.1	0	0
Sep	408.8	411.4	412.0	408.5
Dec	413.5	416.2	417.0	413.0
Jan	415.2	417.9	0	0
Mar	418.7	421.5	420.0	420.0
May	422.3	425.2	0	0
Jul	426.0	428.9	426.5	426.5
Sep	430.3	433.2	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	104.35	104.60	104.40	103.65
Jul	104.20	104.40	104.40	103.60
Aug	104.05	104.25	0	0
Sep	103.90	104.00	104.00	103.50
Oct	103.75	103.70	0	0
Nov	103.75	103.70	103.50	103.30
Dec	103.75	103.85	103.80	103.35
Jan	103.50	103.60	0	0
Feb	103.20	103.35	0	0
Mar	102.90	103.15	102.95	102.60

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	10.23	10.34	10.44	10.21
Oct	9.50	9.61	9.65	9.50
Mar	9.37	9.44	9.48	9.37
May	9.30	9.35	9.38	9.30
Jul	9.21	9.27	9.25	9.25
Oct	9.05	9.14	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jul	22.61	22.48	22.70	22.45
Aug	22.53	22.44	22.64	22.40
Sep	22.37	22.29	22.47	22.24
Oct	22.24	22.17	22.32	22.14
Nov	22.10	22.05	22.20	22.01
Dec	21.96	21.93	22.00	21.90
Jan	21.84	21.80	21.88	21.75
Feb	21.67	21.67	21.67	21.62
Mar	21.55	21.54	21.54	21.48
Apr	21.40	21.41	21.35	21.35

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jul	6170	6087	6180	6110
Aug	6206	6136	6210	6160
Sep	6295	6247	6310	6265
Oct	6365	6337	6400	6360
Nov	6480	6427	6490	6450
Dec	6550	6512	6575	6530
Jan	6575	6527	6585	6545
Feb	6450	6392	6450	6405
Mar	6210	6152	6225	6200
Apr	5970	5937	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	855	853	864	850
Sep	900	899	909	896
Dec	955	953	963	950
Mar	1006	1002	1012	1003
May	1034	1029	0	0
Jul	1061	1057	1060	1060
Sep	1091	1086	1096	1096
Dec	1130	1121	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	61.55	61.60	62.30	61.40
Sep	63.75	63.80	64.40	63.50
Dec	66.75	66.50	67.00	66.55
Mar	69.50	69.50	69.85	69.15
May	73.65	73.70	73.85	73.50
Jul	75.90	75.80	0	0
Sep	78.00	77.65	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	58.57	58.58	58.99	58.30
Oct	59.90	59.59	60.15	59.60
Dec	59.60	59.61	60.00	59.42
Mar	60.71	60.80	61.05	60.65
May	61.40	61.37	61.40	61.30
Jul	61.75	61.72	0	0
Oct	61.50	61.72	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	133.70	132.80	134.10	132.60
Sep	125.00	123.25	125.75	124.40
Nov	117.50	118.25	119.00	117.00
Jan	115.60	116.50	116.90	115.50
Mar	115.15	116.25	117.00	115.25
May	116.00	116.50	117.00	117.00
Jul	115.00	116.25	117.25	117.25
Sep	115.00	116.25	117.25	117.25
Nov	115.00	116.25	116.75	116.75

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jun 5	Jun 4	mnth ago	yr ago
1596.1	1595.3	1582.6	1738.6

DOW JONES (Base: Dec. 31 1974 = 100)				
	Jun 4	Jun 3	mnth ago	yr ago
Spot	117.77	117.26	116.76	129.25
Futures	119.00	118.68	118.99	128.26

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	606/2	619/6	612/0	603/0
Aug	609/4	622/6	615/0	607/0
Sep	614/4	629/2	619/4	612/0
Nov	622/0	635/4	627/0	617/0
Jan	628/4	642/4	631/0	626/4
Mar	636/6	649/0	639/0	634/0
May	642/0	653/0	642/0	638/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	21.43	21.75	21.60	21.25
Aug	21.57	21.86	21.66	21.45
Sep	21.75	22.08	21.90	21.65
Oct	21.85	22.20	21.85	21.80
Dec	22.15	22.45	22.28	22.03
Jan	22.30	22.58	22.30	22.30
Mar	22.52	22.77	22.57	22.38
May	22.70	22.95	22.70	22.60

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	180.1	183.9	183.0	180.0
Aug	180.7	184.6	183.5	180.6
Sep	181.4	184.5	183.5	181.2
Oct	199.9	202.9	200.2	199.3
Dec	200.2	203.6	202.5	199.5
Jan	200.8	203.7	201.7	200.5
Mar	201.5	204.7	203.0	201.0
May	201.8	206.0	204.0	201.8

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	258/6	262/6	260/2	257/4
Sep	260/6	265/4	263/0	259/6
Dec	263/2	268/4	264/4	261/0
Mar	270/4	275/4	272/0	269/0
May	273/6	277/6	275/4	272/6
Jul	278/0	281/4	278/0	276/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	366/4	367/4	367/0	364/2
Sep	371/2	372/0	372/0	368/4
Dec	378/6	379/2	379/4	376/0
Mar	379/0	379/6	379/4	376/6
May	365/0	367/0	0	0
Jul	341/0	341/0	341/0	340/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	73.050	72.925	73.150	72.875
Aug	70.725	70.900	71.200	70.675
Oct	69.975	70.050	70.250	69.900
Dec	69.550	69.750	69.900	69.500
Feb	69.350	69.525	69.650	69.350
Apr	70.650	70.875	70.800	70.450

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	47.200	47.675	47.625	47.150
Jul	44.550	45.500	45.550	44.500
Aug	42.200	42.875	42.800	42.100
Oct	39.150	39.775	39.800	39.050
Dec	41.850	42.800	42.650	41.775
Feb	43.250	43.775	43.750	43.250
Apr	42.300	42.750	42.700	42.300

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	32.600	34.100	34.175	32.450
Aug	30.550	31.825	31.975	30.250
Feb	43.850	44.700	44.925	43.350
Mar	42.800	44.200	43.050	42.750
May	44.000	45.000	44.300	43.750
Jul	45.400	46.000	45.400	45.400

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slips on payroll data

THE DOLLAR slipped against the D-Mark on the foreign exchanges yesterday after the unemployment rate in the US rose to its highest level since 1984, *writes James Blitz.*

Analysts said that there was renewed pressure on the Federal Reserve to ease interest rates and boost recovery after the May non-farm payroll report showed that unemployment surged to 7.5 per cent in May from 7.2 per cent in April. The overall picture was brightened by an upward revision in the April payrolls to 182,000 from 126,000. But that did not stop the market sinking into dollar blues. The US currency ended the day in London over a pfennig down against the D-Mark at DM1.5880, and was hovering around the same levels in late New York trading. It also ended down against the Japanese yen at Y126.75 from Y127.55.

Some analysts believe that the dollar has a potentially stronger downside now. "The tone of the data for May has been set by the non-farm payroll figures," said Mr Mark Austin, chief economist at HongKong and Shanghai Banking Corp in London. "We may get to test the low end of the dollar's ranges seen over the last couple of months, when the dollar hovered around DM1.5750."

Another reason for dollar bearishness is that the D-Mark's recovery seems firmly based. Although it slipped slightly in Thursday's trading, the German currency has lost few of the gains it made on Wednesday in the wake of Denmark's "No" to European Monetary Union (Emu).

Two currencies in Europe appear to be under pressure from the D-Mark rise. The first is sterling, which yesterday slipped badly and spent much of the day at the bottom of the European Monetary System grid for the first time since April. It closed a ¼ pfennig down against the D-Mark at DM2.9150.

The pound's decline has been partly accelerated by the decision of the Danish and Italian authorities to raise interest rates. But the puff that sterling received since the election has died away. There is still no firm sign of UK economic recovery; the pound's support from the prospect of European convergence was undermined by Denmark's "no" vote to Emu; and, as one economist put it, the Maastricht crisis has raised a few early doubts about whether the UK government remains the most stable and confident in Europe.

The other uncertain currency in the EMS is the Italian lira. Yesterday, the Bank of Italy was forced to raise interest rates for the second time in a week, moving its emergency funds rate up by ½ a percentage point to 13 per cent. But the currency still closed down against the D-Mark at Lira 756.80 from Lira 756.60.

£ IN NEW YORK

June 5	Latest	Previous Close
£ Spot	1.8345-1.8355	1.8260-1.8270
1 month	0.89-0.88pm	0.89-0.87pm
3 months	2.68-2.65pm	2.66-2.63pm
12 months	8.85-8.75pm	8.75-8.65pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	June 5	Previous
8.30 am	92.4	92.4
9.00 am	92.4	92.4
10.00 am	92.5	92.4
11.00 am	92.5	92.4
Noon	92.4	92.4
1.00 pm	92.4	92.5
2.00 pm	92.5	92.5
3.00 pm	92.5	92.4
4.00 pm	92.5	92.5

CURRENCY MOVEMENTS

Jun 5	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.5	−19.3
U S Dollar	62.7	−15.4
Canadian Dollar	99.5	−2.5
Austrian Schilling	110.2	+12.3
Belgian Franc	111.7	−1.9
Danish Krone	109.5	+3.4
D-Mark	118.8	+25.1
Swiss Franc	105.8	+13.5
Dutch Guilder	114.6	+16.2
French Franc	104.6	−11.7
Lira	98.4	−20.3
Yen	142.6	+77.6
Peseta	107.8	−17.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for June 4

CURRENCY RATES

Jun 5	Bank rate %	Special* Drawing Rights	European† Currency Unit
[illegible]			

* All SDR rates are for June 4

OTHER CURRENCIES

[illegible]

*Floating rate. Iran Official rate £U19.10 185.50

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8355	1.8266	1.8085	1.7846	1.7462
D-mark	2.9150	2.9148	[illegible]	2.9136	2.9104
French Fr.	9.8300	9.8020	9.7710	9.6970	9.6920
Swiss Fr.	2.6625	2.6618	2.6588	2.6525	2.6372
Yen	232.75	231.75	229.73	226.81	221.39

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jun 5	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	171.190	−4.25	5.45	70
Spanish Peseta	133.631	129.067	−3.42	4.53	58
Belgian Franc	42.4032	42.1970	−0.49	1.45	25
Dutch Guilder	2.31643	2.30924	−0.31	1.27	17
D-Mark	2.05586	2.05017	−0.28	1.24	20
French Franc	6.89509	6.90486	0.14	0.82	−6
Irish Punt	0.767417	0.768946	0.20	0.76	−7
Italian Lira	1538.24	1551.14	0.84	0.12	−39
Sterling	0.696904	0.703386	0.93	0.03	−20
Danish Krone	7.84195	7.91728	0.96	0.00	−42

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jun 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8265 - 1.8360	1.8350 - 1.8360	0.90-0.88cpm	5.82	2.72-2.69pm	5.89
Canada	2.1850 - 2.1950	2.1895 - 2.1905	0.68-0.63cpm	3.59	1.44-1.38pm	2.58
Netherlands	3.2775 - 3.2875	3.2775 - 3.2875	¼-parcpm	0.23	⅝-½pm	0.30
Belgium	59.90 - 60.15	60.05 - 60.15	3-1cpm	0.40	7-1pm	0.27
Denmark	11.2490 - 11.2775	11.2600 - 11.2700	[illegible]	0.33	[illegible]	0.18
[illegible]						

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.12-5.07pm. 12 Month 8.98-8.88pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
[illegible]												
F Fr.	1.017	1.867	2.965	236.7	10.	2.708	3.339	[illegible]				
S Fr.	0.376	0.689	1.095	87.42	3.693	1	1.233	[illegible]				
N Fl.	0.305	0.559	0.888	70.90	2.995	0.811	1	[illegible]				
Lira	0.453	0.832	1.321	105.5	4.456	1.207	1.488	[illegible]				
C$	0.457	0.838	1.331	106.3	4.489	1.216	1.499	[illegible]				
B Fr.	1.664	3.053	4.850	387.2	16.36	4.429	5.461	[illegible]				
Pta	0.545	1.000	1.589	126.8	5.357	1.451	1.789	[illegible]				
Ecu	0.702	1.288	2.046	163.3	6.898	1.868	2.303	[illegible]				

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Pesetas per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS; LONDON (LIFFE); CHICAGO; PHILADELPHIA SE £/$ OPTIONS; PARIS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
106	-	-	-	0.18	0.39	-
107	-	-	-	0.39	-	-
108	0.70	1.20	-	0.77	1.05	-
109	0.33	0.75	-	-	-	-
110	0.15	0.48	-	-	-	-
111	0.06	0.27	-	-	-	-
Open Int	64,567	19,196	300	58,458	20,402	300

Estimated volume 11,930 Total Open Interest 163,223

POUND - DOLLAR

[illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday June 3, 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	112,771,606	+	7,063,767
Bankers Deposits	1,442,001,543	-	131,264,185
Reserve and other Accounts	3,689,190,497	-	46,229,634
	5,258,516,646	-	170,430,052
ASSETS			
Government Securities	1,696,216,175	+	114,665,000
Advance and other Accounts	2,274,962,284	-	588,408,547
Premises Equipment & other Secs	1,283,305,332	+	307,535,513
Notes	3,839,652	-	4,417,953
Coin	193,203	-	4,065
	5,258,516,646	-	170,430,052
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,996,160,348	-	245,582,047
Notes in Banking Department	3,839,652	-	4,417,953
	16,000,000,000	-	250,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	8,825,886,307	+	462,489,192
Other Securities	7,163,098,593	-	712,489,192
	16,000,000,000	-	250,000,000

MONEY MARKETS

Cash rates firmer

CASH rates in the sterling money markets were firmer yesterday as the market grew concerned about sterling's poor performance on the foreign exchanges.

A large shortage of £1.1bn forecast by the Bank of England in its money market operations also ensured that it was an expensive day in the cash markets.

Sterling's ¼ pfennig descent on the foreign exchanges down to DM2.9150 checked the view that another base rate cut will soon be signalled by the UK authorities. Dealers feel that the difficulties over the progress of European Monetary Union (Emu) leave sterling's position uncertain. And while the Danish and Italian currencies have also been hit hard by these uncertainties this week, their central banks have been forced to respond by raising short term lending rates.

Period rates in the cash market were therefore firmer across the board. 1-month money ended the day at 9$\frac{15}{16}$ per cent, up ⅛ on Thursday's close. 3-month libor, often seen as a key indicator of how rates will move, also ended $\frac{1}{16}$ per cent up on the day at 10 per cent. However, one year money was unchanged at 9$\frac{15}{16}$ per cent.

The less optimistic view on rates was partly the result of the large shortage forecast by the Bank of England at the start of the day, which contrasted markedly with the small ones earlier in the week.

In the morning, the Bank of England purchased £76m of Band-1 bank bills at 9⅞ per cent and £132m of Band-2 bank bills also at 9⅞ per cent.

The shortage was later revised to £1.2bn. The Bank later purchased £42m of Band-1 Bank bills at 9⅞ per cent and £18m of Band-2 bank bills at 9⅞ per cent. In the afternoon, the Bank purchased £3m of Band-1 Treasury bills at 9⅞ per cent and £386m of Band-1 bank bills also at 9⅞ per cent. The overnight rate closed for the weekend at 11 per cent.

Trade in sterling futures also reflected the sterling gloom. The September short sterling contract dropped 8 ticks on the day, closing at 90.19. This reflects the view that 3-month libor will be at 9.81 per cent in four months time.

The December contract ended at 90.45, down 5 ticks. This reflects the market view that 3-month libor will be at 9.55 per cent at the end of this year.

UK clearing bank base lending rate 10 per cent from May 5, 1992

FT LONDON INTERBANK FIXING

(11.00 a.m. June 5) 3 months US dollars; 6 months US Dollars

[illegible]

MONEY RATES

NEW YORK; Treasury Bills and Bonds

[illegible]

	Treasury Bills and Bonds
[illegible]	5.65
[illegible]	6.52
[illegible]	6.93
[illegible]	7.30
[illegible]	7.85

June 5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]					
Paris	[illegible]					
Zurich	[illegible]					
Amsterdam	[illegible]					
Tokyo	[illegible]					
Milan	[illegible]					
Brussels	[illegible]					
Dublin	[illegible]					

LONDON MONEY RATES

Jun 5	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]					
Interbank Bid	[illegible]					
Sterling CDs	[illegible]					
Local Authority Deps.	[illegible]					
Local Authority Bonds	[illegible]					
Discount Mkt Deps	[illegible]					
Company Deposits	[illegible]					
Finance House Deposits	[illegible]					
Treasury Bills (Buy)	[illegible]					
Bank Bills (Buy)	[illegible]					
Fine Trade Bills (Buy)	[illegible]					
Dollar CDs	[illegible]					
SDR Linked Dep. Offer	[illegible]					
SDR Linked Dep. Bid	[illegible]					
ECU Linked Dep. Offer	[illegible]					
ECU Linked Dep. Bid	[illegible]					

[illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	10	Crédit Lyonnais	10	McDonnell Douglas Bnk.	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Duncan Lawrie	10	Mount Banking	10
● Henry Ansbacher	10	Equatorial Bank plc	10	NatWestminster	10
B & C Merchant Bank	10.5	Exeter Bank Limited	10.5	Northern Bank Ltd	10
Bank of Baroda	10	Financial & Gen. Bank	10	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	First National Bank Plc.	14	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Roxburghe Bank Ltd.	11
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Williamson Secs.	10
Banque Belge Ltd	10	● Hambros Bank	10	Standard Chartered	10
Barclays Bank	10	Hampshire Trust Plc	13.5	TSB	10
Benchmark Bank	11	Heritable & Gen Inv Bnk.	10	Unibank plc	10
Brit Bk of Mid East	10	● Hill Samuel	10	● United Bk of Kuwait	10
● Brown Shipley	10	C. Hoare & Co.	10	Unity Trust Bank Plc	10
CL Bank Nederland	10	Hongkong & Shanghai	10	Western Trust	10
Citibank NA	10	Julian Hodge Bank	10	Whiteaway Laidlaw	10
City Merchants Bank	10	● Leopold Joseph & Sons	10	Yorkshire Bank	10
Clydesdale Bank	10	Lloyds Bank	10		
Co-operative Bank	10	Meghraj Bank Ltd	10		
Coutts & Co	10				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year, 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

EDUCATION

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ◆ Bargains done the previous day.

British Funds, etc
No. of bargains included 2156

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £120⅞

Corporation and County Stocks
No. of bargains included nil

London County 2½% Cons Stk 1920(or after) - £24 5 (3Je92)
Birmingham District Council 11½% Red Stk 2012 - £112¾ (2Je92)
Leeds(City of) 13½% Red Stk 2006 - £122 (2Je92)
Leeds Corp 3% Deb Stk 1927(or after) - £27 (29My92)
Liverpool Corp 3% Red Stk 1942(or after) - £25 (29My92)
Manchester(City of) 11.5% Red Stk 2007 - £109 ½ (29My92)
Merton(London Borough of) 11¼% Red Stk 2017 - £107⅝ 8⅛ (29My92)
Nottingham Corp 3% Stk (Irrd) - £25½ (3Je92)
Sunderland(Borough of) 11¾% Red Stk 2008 - £111 (2Je92)

UK Public Boards
No. of bargains included 6

Agricultural Mortgage Corp PLC 6¼% Deb Stk 92/94 - £92¾ (3Je92)
7¼% Deb Stk 91/93 - £95 ¾ 6
10¼% Deb Stk 92/95 - £100¾ (29My92)
Forth Ports Authority 3¼% Funded Debt - £34
Metropolitan Water Metropolitan Water 3% A Stk 63/2003 - £57½ (29My92)

Foreign Stocks, Bonds, etc-(coupons payable in London)
No. of bargains included 121

A.M.P.(U.K.) PLC 13% Bds 2015 (Br £5000&100000) - £122⅝ 3⅛ ¾
Abbey National PLC 10¾% Bds 1993 - £99¾
9¾% Nts 1993 - $105.2 .325 (29My92)
Abbey National Sterling Capital PLC 10⅝% Subord Gtd Bds 2002 (Br £ Var) - £103¾◆ ¾◆
11¾% Subord Gtd Bds 2017 - £110⅝ ½ ⅝ ¾ (3Je92)
African Development Bank 11¼% Bds 2001 - £110¾◆
Air Canada 11¼% Bds 1994 (Br £5000) - £101½ (29My92)
Anglian Water PLC 12% Bds 2014 (Br £10000&100000) - £116
Argyll Group PLC 4¾% Cnv Bds 2002 - £124
Asda Finance Ld 10¾% Cnv Cap Bds2005(Br £5000&100000) - £95 (3Je92)
Asian Development Bank 11% Bds 2001 (Br £1000&10000) - £108⅝ 9⅛ (2Je92)
Associated British Ports Hldgs PLC 10¾% Bds 2015(Br£10000&100000) - £101⅛ (3Je92)
BAA PLC 11¾% Bds 2016 (Br £10000&100000) - £113⅞ 4½
BP America Inc 9¾% Gtd Nts 1994 - ...

£105⅛ (2Je92)
Lewis (John) PLC 10⅞% Bds 2006 - £101½ (2Je92)
10½% Bds 1998 (Br £10000&100000) - £101⅛
10½% Bds 2014 (Br£10000&100000) - £103½ (1Je92)
Lloyds Bank PLC 10¾% Subord Bds 1998(Br£10000) - £101½ ½ (29My92)
Lucas Industries PLC 10⅜% Bds 2020 (Br£10000&100000) - £97⅞
MEPC PLC 10¼% Bds 2003 - £96¾ (2Je92)
12% Bds 2006 (Br £10000 & 100000) - £107
National & Provincial Building Soc 10% Nts 1997 (Br £Var) - £98¾ .8
National Westminster Bank PLC 11¾% Subord Nts 2001 (Br £Var) - £109¾ (3Je92)
12% Nts 1992 - £100.3 (29My92)
National Westminster Finance BV 11¾% Gtd Cap Bds 1992 - $102 ½ (2Je92)
Nationwide Building Society 11¼% Nts 1995 (Br £5000&100000) - £102¾◆
11¾% Nts 1997 (Br £5000 & 100000) - £104⅛
13.5% Subord Nts 2000 (Br £10000) - £114¾ 5 (29My92)
13⅝% Nts 1994 (Br£5000&100000) - £105⅞ (1Je92)
Zero Cpn Nts 1998 (Br £ Var) - £54¾
New Zealand 9⅝% Bds 1995 - £99¾◆ 100¼◆ ⅛◆
Norway (Kingdom of) 7% Nts 1995 (Br $5000&100000) - $101.3 (2Je92)
10⅛% Nts 1994 (Br£1000,10000&100000) - £101¾
PCO Finance Ld 8% Cnv Bds 2005 (Br£5000) - £86¾ (1Je92)
Pacific Electric Wire&Cable Co Ld 3¾% Bds 2001 - $103 4
Pearson PLC 10⅝% Bds 2008 - £99¾
Pearson Sterling Finance PLC 10¾% Gtd Bds 2002 - £103 ¾ (2Je92)
PepsiCo, Inc 7⅝% Nts 1993 - $101.9 2
Prudential Finance BV 8¾% Gtd Bds 2001 - $100.05 ¾
9¾% Gtd Bds 2007 (Br£5000&100000) - £95½
Prudential Funding Corp 8.25% Nts 18/12/95(Br$C1000&10000) - $C100¾ (2Je92)
RMC Capital Ld 8¾% Cnv Cap Bds 2006 (Br £5000&50000) - £98
Ratners Group PLC 4% Cnv Bds 2002 (Br£5000) - £105◆
Royal Bank of Scotland PLC 10⅝% Subord Bds 1998 (Br£5000&25000) - £101¾
Royal Insurance PLC 10¾% Nts 1992(Br£5000) - £99¾ (29My92)
Sainsbury (J.)(Channel Islands)Ld 8½%CnvCapBds 2005(Br - £151
Sears PLC 10¾% Bds 1993 - £99¾ (2Je92)
Severn Trent PLC 11¾% Bds 1999 (Br £5000&100000) - £107 (3Je92)
Skandia Capital AB 11% Gtd Nts 1996 - £103¾
Slough Estates PLC 10% Bds 2007 - £90¾ (2Je92)
8% Cnv Bds 2003 - £112¾ (2Je92)
Smith & Nephew PLC 4% Cnv Bds 2002 - £124¾ ¾ (29My92)
Smith & Nephew Finance N.V. 8¾% Gtd Red Cnv Prf 2004 (Br) - £128¼ (29My92)
...

Rule 535(2)

American Home Products £40.89 (2/6)
City Developments S$4.248
Dainippon Screen Manufacturing Y806.9
Leighton Hldgs A$1.5449, 4059, 4080 (3/6)
Playmates Hldgs HK$4.199 (3/6)
Selangor Coconuts 25
Singapore Land S$5.32◆ 5.31 (3/6)
Storer Communications SK308.6◆

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LONDON STOCK EXCHANGE

Blue chips continue to give ground

By Terry Byland
UK Stock Market Editor

FURTHER pressures on government bonds and stock index futures drove the UK equity market below an important support level yesterday, leaving traders somewhat apprehensive regarding the near term outlook. The market was dominated by the withdrawal of Lloyds Bank from the contest for Midland, a development which saw Midland shares fall sharply to an increased discount against the terms of the £3.9bn bid proposed by Hongkong & Shanghai Banking and recommended by the Midland directors.

London was unsettled at the end of the session as Wall Street slipped to an early fall of 16 Dow points after poor US unemployment data failed to bring any immediate response *from the Federal Reserve.*

The stock market opened steadily as the EC countries appeared to reinforce their commitment to the Maastricht treaty and the currency markets held firm. But, after trying to edge into firmer territory, the stock market began to react to renewed losses in gilt-edged stocks and to a discount on the June futures contract on the FT-SE Index. By early afternoon, the Footsie Index was 17 points down. Gilt-edged issues extended losses in late trading to close *nearly half a point off.*

There was little heart in a late rally which left the FT-SE Index at 2,688.5, a net loss of 13.4 on the day as the first leg of the equity trading account came to its close. The Footsie *has fallen by around 1.4 per* cent over the week as the Danish referendum rejection of Maastricht has raised uncomfortable doubts on convergence on European interest rates.

The loss of the FT-SE 2,675 mark was received badly by some chart analysts who pointed to 2,650 and even 2,600 as the next defence lines.

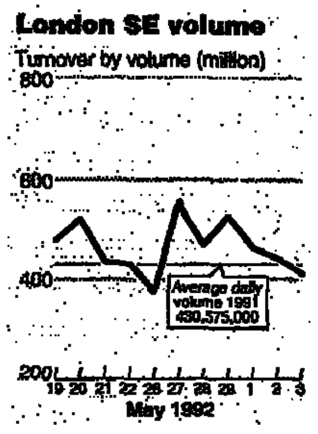
At Strauss Turnbull, UK securities arm of Societe Generale, Mr Ian Harnett warned of disappointment in the US at the absence so far of a further move by the Federal Reserve *and suggested* that Wall Street was vulnerable if investors lost faith in the likelihood of further help from the authorities for the US economy.

He reiterated his "cautious to down" view on UK equities, *an opinion shared* at Nomura Research Institute, where Mr Nicholas Knight said the stock market was "beginning to falter." S.G. Warburg Securities drew attention to indications this week that Blue Circle's £242m rights call might imply a resumption of equity funding demands.

● Retail, or customer, business in equities has fallen as worries over prospects for the Maastricht treaty have kept investors on the sidelines.

Account Dealing Dates		
*First Dealings:		
May 11	Jun 1	Jun 15
Option Declarations:		
May 28	Jun 11	Jun 25
Last Dealings:		
May 29	Jun 12	Jun 26
Account Day:		
Jun 8	Jun 22	Jul 6

*New-time dealings may take place from 8.30 am two business days earlier.



FINANCIAL TIMES STOCK INDICES

	June 5	June 4	June 3	June 2	June 1	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.86	88.90	89.10	89.58	88.58	83.88	89.62 (29/5)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	105.00	105.01	105.49	105.92	105.73	93.52	105.92 (2/6)	97.15 (2/1)	105.92 (2/6/92)	50.53 (3/1/75)
Ordinary Share ●	2077.4	2092.6	2090.7	2111.0	2104.7	1955.2	2149.7 (22/5)	1851.4 (3/4)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	104.9	107.3	106.3	106.1	105.8	195.4	160.6 (10/1)	105.8 (1/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2688.5	2691.9	2690.9	2705.9	2697.6	2511.9	2737.8 (11/5)	2382.7 (3/4)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1228.02	1231.36†	1234.62	1246.70	1241.59	1184.89	1248.79 (11/5)	1120.52 (8/1)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.46	4.42	4.41	4.37	4.39	4.88				
●Earning Yld %(full)	6.52	6.47	6.46	6.40	6.43	8.52				
●P/E Ratio(Net)(☆)	19.19	19.34	19.39	19.55	19.48	14.52				
SEAQ Bargns 5.00pm	24,899	21,177	23,379	25,308	23,952	24,127				
Equity Turnover(£m)†	-	1078.1	1005.6	1045.3	791.8	814.38				
Equity Bargains†	-	24,285	26,836	28,013	26,505	22,736				
Shares Traded (ml)†	-	447.5	402.3	444.0	381.3	341.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.80 † Indicative

Ordinary Share Index, Hourly changes Day's High 2093.2 Day's Low 2074.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2092.5	2091.8	2087.3	2087.4	2085.1	2083.0	2078.4	2076.5	2077.1

FT-SE 100, Hourly changes Day's High 2692.0 Day's Low 2664.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2679.6	2681.0	2672.3	2673.8	2673.5	2668.9	2668.2	2665.7	2668.4

FT-SE Eurotrack 200, Hourly changes Day's High 1231.37 Day's Low 1226.63

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1231.22	1230.41	1230.60	1229.64	1230.34	1229.06	1227.29

GILT EDGED ACTIVITY

Indices*	June 4	June 3
Gilt Edged Bargains	100.2	109.4
5-Day average	85.1	91.3

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Heavy selling of Midland

ONCE AGAIN, Midland Bank dominated trading as prospective bidder Lloyds decided the price it would have to offer *was too high and withdrew* from the contest, leaving the field open to Hongkong & Shanghai Banking Corporation (*HSBC*).

Midland, which had been firm earlier, fell sharply on the news as arbitrageurs bailed out of the stock. The shares closed 21 off at 446p with 33m traded. The closing price was well below the *current* HSBC *offer* price, worth around 474p. However, Hong Kong was closed for a public holiday yesterday and, *in unofficial trading in London,* HSBC shares fell HK$1.

There was widespread disappointment at Lloyds' decision. The market thought that, at the very least, Lloyds would await a decision by the Monop*olies and Mergers commission* before pulling out, and would at best produce a firm offer, well in excess of 500p for each Midland share. The shock was even greater among the arbitrageurs, who are believed to have taken a big position in Midland when the Kuwait Investment Office sold its 10.5 per cent stake (60m shares) in *April, and were keen to get rid* of it yesterday.

Sellers were shifting into TSB and Royal Bank of *Scot*land in the hope that they would now attract Lloyds' attention. However, one analyst said that, after trying for both Standard Chartered and Midland, Lloyds was unlikely to attempt a third hostile bid *for some time.* TSB *rose* 4 *to* 151p, Royal Bank of Scotland reversed an earlier loss to close a penny better at *202p.* Lloyds recovered from being 17 off to close a penny better at 436p.

Generators busy

Power generators showed some muscle after Mr Stephen *Littlechild, director general of* electricity supply published the long delayed licence conditions for the industry. National Power gained 2½ to 245p and PowerGen put on 2 to 254p, following licence changes that will make very little difference and according to Miss Rachel Lucas at County NatWest should be greeted by the gener*ators with delight.*

Under the changes the companies must announce criteria for planning plant availability, closing power stations or reducing their capacity, as well as to forecast output. PowerGen said the moves will improve transparency in the trading pool and add to customer confidence.

Miss Lucas said that the outcome was benign, but not unexpected. She also believed that a forthcoming deal with *British Coal is likely to be* favourable for the power industry. At the same time, it was suggested in the market that the government is putting pressure on the regional electricity companies to sign supply agreements with the generators.

Rank upset

Leisure group Rank Organisation suffered a double hit of downgradings yesterday which sent the shares into retreat and turnover climbing.

The shares gave up 11 to 746p after Smith New Court weighed in with a profits downgrading. Joining securities houses that recently *reduced forecasts, Smith cut* the current-year figure by £15m to £260m and the following year's figure by the same amount to £330m. The broker blamed continued weakness in consumer spending for the reduction, and has now moved the stock from a hold to a trading sell.

Sentiment was further weak*ened by news from the US that* securities house Dean Whitter had reduced its earnings estimate for Xerox Corp, the company with whom *Rank* jointly owns Rank Xerox, a substantial profits contributor to the UK company. Turnover had risen to 3.6m by the close.

Euro Disney fall

Euro Disney tumbled 60 to 1103p after the company said in a letter to share holders on *Thursday that it could not* guarantee it would show a profit in the 12 months to September 1992. The company also said it had yet to gain approval from its partners on the second phase of the resort.

Oils bucked a weak market to push ahead in line with higher oil prices a stronger US oil market, raised demand fore*casts and broker enthusiasm.*

Carr Kitcat & Aitken was a buyer of BP, highlighting a report from the International Energy Agency which raised its forecast for oil demand growth in 1992. BP improved 4¼ to 275¼p in heavy turnover of 16m shares. Shell Transport was helped by Smith New Court which featured it at its *morning conference.* The shares lifted 7 to 519p.

Wellcome fell 13 to 945p in response to a US press report which raised doubts about the forthcoming share flotation, arguing that the shares were at a premium which could deter buyers.

The world's largest mining group, RTZ, gained 7 to 627p on *hopes of economic recovery* and in line with copper price rises.

Currency factors and news that Reuters had made an A$59m (£24.7m) out of court payment to settle a tax case did nothing to help the shares which fell 21 *to* 1158p.

Troubled discount house, Union Discount, lost 10 to 143p on nervousness about interest rate trends.

Vodafone fell 7 to 371p on selling ahead of the company's *annual results on Tuesday.* There was talk that James Capel had gone increasingly bearish but the agency broker said it had not changed its long-held recommendation to switch out of Vodafone and into Cable and Wireless (off 2 at 553p).

The threat of an anti-smoking verdict by the US Supreme *Court continued to weigh on* tobacco shares. BAT Industries slid 14 to 781p and Rothmans "B" were 17 down at 1063p. Regional brewer Devenish gained 7 to 285p on speculation about a possible bid. Boddington, believed by some to be about to make another offer for Devenish, after failing to gain control of the company a year *ago, was unchanged at 185p.*

Two large food manufacturers announce results next week, but showed rather different performances yesterday, with Unigate, reporting Tuesday rising 6 to 347p and Northern Foods, with figures due Wednesday, falling 11 to 604p. Unigate is expected to announce profits of £85m to *£91m, against £75.5m, while* analysts are looking for Northern Foods to produce £123m to £126m compared with £105.4m.

Price discounting hit the holding companies of the large DIY chains. Boots, part owner of Do It All, slipped 8 to 459p., The "A" shares of its partner in the DIY venture, W.H. Smith, lost 10 to 450p. Kingfisher, B&Q's parent, also fell 10 to 525p.

A nervous week for property group MEPC, with its long term debt downgraded by Moody's and rumours about the possible loss of the company's Footsie status, saw the shares lose another 4 to 311p.

Blue Circle, declined 8 to 239p after Thursday's announcement of a £241.6m rights issue. Other building materials suppliers also weakened, with RMC sliding 16 to *579p and Tarmac losing 5 to* 124p.

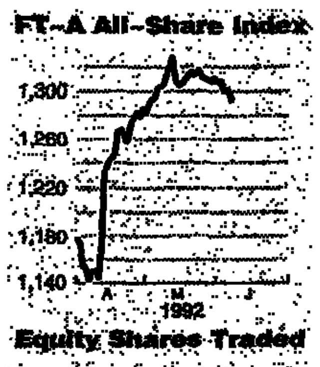
In transports, P&O gave up 11 to 491p after Kleinwort Benson turned negative on the stock. BAA hardened 6 to 665p ahead of Monday's results.

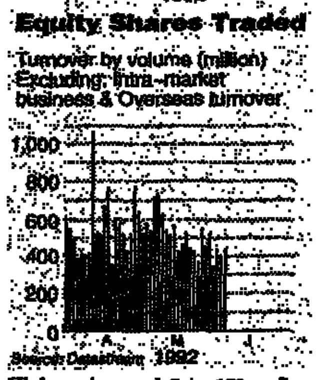
Among engineering stocks, Vickers jumped 7 to 170p after 2 sizeable buying orders that followed a lunch at BZW with investors on Thursday.

Glynwed International fell 9 to 255p after its broker reduced *its current year profits estimate* by £5m to £45m.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Colin Milham.

■ Other market statistics, Page 11





NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (78).
BRITISH FUNDS (2) Tr 8pc '92, Fd 6pc '93, **AMERICANS** (2) Chrysler, Ford Motor, **CANADIANS** (1) Imperial Oil, **BANKS** (2) Midland, TSB Channel Islands, **BREWERS** (4) Devenish, Do 4½pc Pf, Marston Thompson, Matthew Clark, **BLDG MATLS** (2) Grafton, Menders, **BUSINESS SERVS** (3) Brit Data Mangemt, Rolfe & Nolan, Warner Howard, **CHEMS** (1) Croda, **CONTG & CONSTRCN** (1) CALA, **ELECTRICALS** (2) Jones Stroud, Philips Finance 5¾pc Cv '81-94, **ELECTRONICS** (10) Acorn Cmptr, Bowthorpe, Brit Thornton, Eurotherm, Forward Tech, Gresham, MTL Instrs, Star Cmptr, Telemetrix, Tunstall, **ENG GEN** (9) Beauford, Do 7p Cv Pf, Clayton Son, Dickie, FKI, Mayflower, Senior Eng, Syltone, Vosper, **FOOD RETAILING** (3) Appleby Westward, Greggs, Morrison Wm, **HEALTH & HSEHOLD** (2) IWP, UniChem, **INSCE LIFE** (1) Utd Friendly B, **INV TRUSTS** (5) Abtrust Prtd Zero Pf, EFM Dragon Wts, Fimg Enterprise, Lowland Inv, Melville St, **MEDIA** (3) BBS Design, Home Counties, Johnston Press, Ports & Sunderland, Watmoughs, **MERCHANT BANKS** (2) Kleinwort Benson, Schroders, **MTL & MTL FORMING** (1) Castings, **MISC** (3) Danka, Faber Prest, LGW, **MOTORS** (1) Central Mtr, **OTHER INDL MATLS** (3) Harris, Servomex, Vinten, **STORES** (3) Essex Furn, Oriflame, Storehouse, **TEXTS** (3) Drummond, Jerome, Stoddard, **TRANSPORT** (3) BAA, CSX, P & O 5½pc Prfd, **MINES** (3) Antofagasta, Malinga Res, Renison.
NEW LOWS (46).
AMERICANS (2) Gillette, Rockwell, **CANADIANS** (1) Can. Imperial Bk, **BREWERS** (1) Seagram, **BLDG MATLS** (3) Explaura, Plasticeal, Quiligotti, **BUSINESS SERVS** (1) Proudfoot, **CHEMS** (1) Cambridge Isotope, *CONTG & CONSTRCN* (2) Cussins Prop, Taylor Woodrow, **FOOD MANUF** (3) Carr's Milling, Perkins, Utd Biscuits, **HEALTH & HSEHOLD** (2), Hospital Corp, Wellcome, **HOTELS & LEIS** (2) Euro Disney, Fairline Boats, **INV TRUSTS** (6) Drayton Korea, *Exmoor Dual Inc, Fulcrum Inc,* Selective Assets, Siam Select Gwth, Turkey Tst, **MEDIA** (1) Novo, **MISC** (1) Lionheart, **MOTORS** (1) Jacks, **OTHER FINCL** (1) Mitsubishi, **PROP** (2) Chesterfield, Ests & General, **STORES** (1) Alexon, **TRANSPORT** (2) Davies & Newman, Ocean, **MINES** (13) Blyvoor, Durban Deep, ERGO, East Daggs, Elsburg, Indonesian Diamond, Kelle Mnrls, Kidston Gold, PosGold, Sth African Land, Unisel, Waverley Finance, Western Areas.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	17	45	19	43	264	98
Other Fixed Interest	9	3	5	18	32	35
Commercial, Industrial	193	365	885	1,190	1,569	4,476
Financial & Property	58	223	515	466	830	2,692
Oil & Gas	22	14	50	77	97	256
Plantations	1	0	8	2	1	42
Mines	14	46	85	110	149	466
Others	26	59	43	179	226	238
Totals	340	755	1,610	2,085	3,168	8,303

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	77	475	-8	Comm. Union	224	498	-7	Lucas	3,600	137		Shell Transport	5,400	519	+7
ASDA Group	5,500	31½	-½	Cookson	614	180		MB Caradon	431	282	-3	Siebe	763	718	-14
Abbey National	1,400	291	-2	Courtaulds	485	581	-4	MEPC	923	311	-4	Slough Ests	247	180	-6
Albert Fisher	338	74		Dalgety	139	417	-6	Manweb	430	349	-2	Smith (W.H.) A	758	450	-10
Allied-Lyons	1,100	650	-7	De La Rue	151	567	-3	Marks & Spencer	3,900	327	+2	Smith & Nephew	1,000	140½	
Amstrad	121	40		Dixons	1,000	260	-8	Midland Bank	33,000	446	-21	SmKl Beecham	1,700	690	-8
Anglian Water	1,000	436	+1	Eastern Elect.	1,000	283	-1	Midlands Elect.	319	304	-2	SmKl Beecham Uts.	386	2073	-22
Argos	657	260	+2	East Midland Elect.	1,000	302	-2	NFC	4,300	270	-2	Smiths Inds.	657	299	-3
Argyll Group	3,000	265½	+2½	Eng China Clays	758	557	-12	NatWest Bank	2,700	360	-7	*Southern Elect.*	429	303	-1
Arjo Wiggins	918	264	-4	Enterprise Oil	1,000	430	+7	National Power	4,200	245	+2½	South Wales Elect.	38	368	-2
Ass. Brit. Foods	179	440	-2	Eurotunnel Units	477	383	-2	Next	999	92½	-½	South West Water	239	417	+3
Ass. Brit. Ports	352	423	+1	FKI	2,000	82		North West Water	380	426	-2	South West. Elect.	357	318	
BAA	1,200	665	+6	Fisons	3,100	380	-2	Northern Elect.	282	330	-1	Southern Water	270	417	+3
BAT Inds.	1,800	781	-14	Forte	601	228	-4	Northern Foods	662	604	-11	Standard Chartd.	2,300	475	-4
BET	2,600	159	-5	Gen. Accident	239	479	-4	Norweb	151	338	-5	Storehouse	389	146	+1
BICC	1,200	342	-3	General Elect.	1,700	222	+½	Pearson	682	846	-6	Sun Alliance	2,300	314	-3
BOC	244	683	+1	Glaxo	3,900	740	-12	P & O	2,100	491	-10	T&N	834	154	-5
BPB Inds.	6,200	185	-3	Glynwed Int.	1,300	255	-9	Pilkington	2,800	137	-5	TI Group	1,000	391	-3
BTR	2,800	487	-7	Granada	1,200	280	-3½	PowerGen	2,600	254	+2	TSB	10,000	151	+4
Bank of Scotland	2,000	115		Grand Met.	1,800	468	-7	Prudential	1,700	241	-3	Tarmac	2,100	124	-5
Barclays	6,800	368	-1	GUS A	508	1505	+1	RHM	760	331	-3	Tate & Lyle	465	361	-5
Bass	1,700	885	-8	*GRE*	949	149	-5	*RMC*	187	579	-16	*Taylor Woodrow*	1,600	103	-7
Berisford Int.	119	21		GKN	494	418	-5	RTZ	2,000	626	+7	Tesco	2,800	274	-4
Blue Circle	893	239		Guinness	1,800	587	-12	Racal	6,200	63½	+½	Thames Water	1,000	444½	-½
Booker	474	474	+8	Hammerson 'A'	21	371	-2	Rank Org.	3,600	746	-11	Thorn EMI	736	851	-5
Boots	3,200	459	-8	Hanson	5,000	228	-3	Reckitt & Colman	612	655	+6	Tomkins	551	491	-2
Bowater	511	823	-6	Hanson Warrants	2,900	27¾		Redland	1,500	505	-10	Trafalgar House	919	138	
Brit. Aerospace	1,100	344		Harrisons Crosfield	844	138	-2	Reed Intl.	915	588	-2	Unigate	880	347	+6
British Airways	2,300	282	-5	Hillsdown	7,800	177½	+2½	Rentokil	302	175	-2	Unilever	934	928	+4
British Gas	3,100	259		IMI	959	289		Reuters	417	1158	-21	United Biscuits	1,500	369½	-7½
British Land	1,000	206		ICI	581	1327	-4	Rolls Royce	3,200	164½	-½	Utd. Newspapers	1,400	419	+6
BP	16,000	275½	+4½	Inchcape	1,500	497	-1	Rothmans	570	1063	-7	Vodafone	4,100	371	-7
British Steel	3,800	78½	+½	Kingfisher	1,700	525	-10	Ryl Bk Scotland	5,600	202	+1	Warburg (SG)	138	554	+1
British Telecom	7,800	364	+5	Kwik Save	505	612	-5	Royal Insurance	3,400	247	-2½	Wellcome	1,409	945	-13
Br. Telecom New	12,000	142¼	+5	*Ladbroke*	1,000	237	-3	*Saatchi*	1,300	20¼		*Welsh Water*	96	478	
Bunzl	161	110	-1	Land Securities	1,400	409	-3	Sainsbury	2,100	469	-3	Wessex Water	67	511	+1
Burmah Castrol	1,100	649	+12	Laporte	745	611	-12	Scottish & New.	1,300	474	+3	Whitbread 'A'	1,200	465	-2
Burton	10,000	51½	+1	Legal & General	1,000	385	-4	Scot. Hydro-Elect.	1,900	197	+3	Williams Hldgs.	537	327	-5
Cable & Wire.	2,100	530	-2	Lloyds Abbey	1,300	410	-10	Scottish Power	2,300	164½	+2½	Willis Corroon	789	259	-5
Cadbury Schweppes	2,500	489	+1	Lloyds Bank	3,300	436	+1	Sears	4,700	92	-1	Wimpey	94	169	-1
Calor Group	45	199		*LASMO*	2,500	198	+1	Sedgwick	114	216	-1	Wolseley	524	413	-23
Carlton Comms.	729	654	-6	London Elect.	755	322	+2	Seeboard	14	328		Yorkshire Elect.	691	374	-5
Coats Viyella	2,200	212½	-½	Lonrho	1,000	89	-1	Severn Trent Water	1,100	409	-3	Yorkshire Water	364	471	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

CONTINUED weakness in the Gilts market weakened stock index futures, pulling the cash market lower and sending the *contract to a discount to* the index on several occasions in the course of a volatile session, writes Joel Kibazo.

The June contract on the FT-SE opened strongly at 2,686, a 7-point premium to the cash market, but the optimistic mood did not last.

The weakness in gilts spilled over into FT-SE futures sending the contract tumbling to 2,666 by lunch time. Following a *period of sideways trading,* June attempted a rally which saw the contract creep back up to 2,676. But, with no support from a weak Wall Street, June once again fell back, this time to 2,644, the low of the day.

June closed at 2,673, down 14 on the previous close and around 1 point below its estimated fair value premium to cash of about 6. Turnover was poor at 6,520.

Turnover in traded options remained poor at 26,313, with Midland bank dominating the day's trading. It traded 5,576 contracts as dealers took profits in the wake of the news that Lloyds Bank had withdrawn its proposed bid for its rival.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Thursday June 4 1992

Motors	+	34.24	Stores	+	11.48
Water	+	32.78	Industrial Group	+	11.31
Engineering-General	+	24.17	Electricity	+	11.22
Textiles	+	23.14	Chemicals	+	10.78
Other Industrial Materials	+	22.13	Conglomerates	+	10.37
Food Retailing	+	21.22	500 Share Index	+	9.67
Capital Goods	+	20.45	All-Share Index	+	9.42
Packaging, Paper & Printing	+	18.77	Business Services	+	8.98
Engineering-Aerospace	+	18.44	Financial Group	+	8.27
Metals & Metal Forming	+	18.18	Consumer Group	+	7.78
Building Materials	+	17.67	Investment Trusts	+	6.55
Banks	+	17.55	Insurance (Composite)	+	5.62
Media	+	17.25	Telephone Networks	+	5.04
Electricals	+	17.01	Food Manufacturing	+	3.70
Electronics	+	16.66	Insurance (Life)	+	1.37
Hotels & Leisure	+	16.12	Insurance Brokers	+	1.29
Merchant Banks	+	16.08	Oil & Gas	-	2.47
Transport	+	15.29	Health & Household	-	6.55
Contracting, Construction	+	14.43	Property	-	12.74
Brewers & Distillers	+	13.58	Gold Mines Index	-	12.74
Other Groups	+	11.99			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.0025	+0.305	8.95	9.12	9.33
BELGIUM		9.000	06/01	100.8000	-	8.87	8.78	8.83
CANADA *		8.500	04/02	101.3500	+0.550	8.29	8.42	8.74
DENMARK		9.000	11/00	100.4000	+0.050	8.91	8.84	8.80
FRANCE	BTAN	8.500	03/97	98.3748	-0.037	8.91	8.71	8.81
	OAT	8.500	11/02	98.5100	-0.100	8.70	8.48	8.67
GERMANY		8.000	01/02	100.3400	+0.120	7.94	7.92	7.98
ITALY		12.000	02/02	96.3750	-0.225	13.05†	12.68	12.81
JAPAN	No 119	4.800	06/99	95.4800	+0.134	5.70	5.73	5.92
	No 129	6.400	03/00	105.1358	+0.197	5.48	5.47	5.63
NETHERLANDS		8.250	02/02	99.5500	+0.120	8.31	8.28	8.33
SPAIN		11.300	01/02	99.9000	-0.175	11.28	10.90	10.88
UK GILTS		10.000	11/96	102-27	-2/32	9.20	9.09	9.28
		9.750	08/02	104-02	-8/32	9.13	8.84	9.20
		9.000	10/08	100-07	-16/32	8.97	8.77	9.04
US TREASURY *		7.500	11/01	101-14	+14/32	7.29	7.34	7.53
		8.000	11/21	101-23	+11/32	7.85	7.84	8.01
ECU (French Govt)		8.500	03/02	97.4300	-0.110	8.90	8.54	8.73

London closing, *denotes New York morning session Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal *Technical Data/ATLAS Price Sources*

COMMODITIES

WEEK IN THE MARKETS

Copper market outlook brightens

THE OUTLOOK brightened for copper producers this week as prices on the London Metal Exchange broke out of the recent narrow trading range to reach the highest level for seven months in dollar terms.

Declining stocks levels, growing hopes of US economic recovery and the approach of North American labour contract negotiations combined to push the LME three months delivery price through resistance *at the* equivalent of $2,260 a tonne early in the week.

After consolidating in the higher range the market was given a further boost on Thursday by news that Codelco, Chile's *state-owned* copper corporation, had been forced by heavy rain temporarily to close the world's biggest open pit mine at Chuquicamata, which produced more than 200,000 tonnes of refined copper in the first four months *of this* year.

In addition the corporation announced the second closure in less than a week at its Quebrada open pit mine, this time because of heavy snow. The mine normally accounts for about 20 per cent of *the* 8,500 tonnes-a-month production of Codelco's El Salvador division.

The Chuquicamata news came after the LME close on Thursday, but New York prices surged to life-of-contract highs in response and yesterday morning the LME three months price climbed to $2,278 a tonne before running into Chinese selling.

By the close the price was up £5.50 on the day and £18.25 on the week at £1,257.75, a tonne, equivalent to $2,276 a tonne. In sterling terms that was well below *the £1,335 a tonne* reached three months ago, but sterling was much lower then compared with the US currency and that price worked out at only $2,258 a tonne.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+9,000	to 1,251,125
Copper	-850	to 284,500
Lead	+850	to 138,425
Nickel	+1,036	to 28,716
Zinc	+1,700	to 268,825
Tin	-470	to 12,715

The more hopeful mood in the copper market was reflected in this week's issue of London trader Rudolf Wolff's Copper Outlook news letter. "The outlook for copper is one of optimism *as the fundamen*tals are improving and the technical picture looks bullish," Wolff said.

"Overall, the improved US economic situation is expected to provide a firm base to underpin the market. *The* ongoing shortfalls in supply, especially with the uncertainty surrounding aspects of CIS production/exports and over the level of Yugoslavian exports (estimated at around 50,000 tonnes in 1991) following trade sanctions, should prompt renewed consumer interest. In addition to the projected supply deficit, growing confidence for economic recovery in the *US and parts of Europe should* prompt restocking."

Despite copper's stronger performance the lead market stole the honours for the week's biggest rise with a £13.25, or 4.4 per cent, advance to £313.50 a tonne *in the three* months position. Most of the rise took place on Thursday and in the absence of fundamental factors was attributed to investment fund buying, topped up by stop-loss purchases.

In the zinc market the concern about the availability of metal to cover June options declarations was still evident, although bearish fundamentals were reflected in an overall *downward price trend. The* cash price closed yesterday at $1,445 a tonne, up $2.50 on the week, but the three months price fell $22 to $1,262.50 a tonne, widening the cash premium to $182.50.

Tin prices reached 20-month highs early in the week on European trade buying, which also sparked off covering by holders of short positions and triggered stop loss buying orders. But hopes of breaching resistance at $6,500 a tonne for three months metal were disappointed. The price touched that level on Wednesday before sliding back to $6,467.50 a tonne, up $190 on the week.

Hopes that the coffee market would consolidate the gains made on Friday of last week were also disappointed. There was no follow-through to that upturn, which had been *prompted by producer mem*bers of the International Coffee Organisation agreeing an, admittedly vague, quota plan for presentation at the ICO council meeting on June 22-26. The London Futures and Options Exchange's September position ended the week $16 down at $730 a tonne.

New York sugar futures moved up strongly on Thursday, influenced by investment fund buying, technical factors *and talk of a pick-up in* demand for white sugar on the world market. But the London market response yesterday was muted. In late trading the October position was at $216.80 a tonne up 40 cents on the day *at $8.40 on the week.*

Richard Mooney

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AUTHORISED UNIT TRUSTS

For Matheson see Cannon UT

For Mayflower Mngmt see Sheppards UT Mngmt

Mercury Fund Managers Ltd (1000)H

33 King William St, EC4R 9AS 071-280 2860

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5	133.3	133.3xd	141.4	-0.7	0.00
(Accum Units)	5	142.5	142.5xd	151.5	-0.7	0.00
American Opps	5	55.58	55.58	59.29	-0.41	0.00
(Accum Units)	5	56.35	56.35	60.11	-0.42	0.00
British Blue Chip	5	65.43	65.43	69.75	+0.14	3.82
(Accum Units)	5	74.84	74.84	79.78	+0.15	3.82
Cash *	0	101.0	101.0	101.0	.....	9.73
(Accum Units) *	0	122.3	122.3	122.3	.....	9.73
European Growth	5	166.8	166.8	176.6	-0.1	0.51
(Accum Units)	5	177.0	177.0	187.4	-0.2	0.51
European Income	5	64.48	64.48	68.32	-0.03	3.44
(Accum Units)	5	79.39	79.39	84.10	-0.04	3.44
General	5	413.7	414.6	442.3	+0.1	2.74
(Accum Units)	5	768.7	770.6	822.0	+0.1	2.74
Global Bond	5	105.0	105.0	110.3	-0.18	6.70
(Accum Units)	5	111.9	111.9	117.6	-0.2	6.70

Norwich Union Tst Managers (1200)H

PO Box 124, 51/59 Rose Lane, Norwich 0603 682234

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Master Trust	6	91.02	91.02	96.82	-0.17	3.39
UK Equity	6	114.67	116.24	123.66	-0.08	3.98
UK Equity Income	6	110.66	112.43xd	119.63	-0.14	5.19
UK Smaller Co's	6	105.38	108.72	115.66	-0.26	2.47
UK Equity Growth	6	109.39	110.98	118.06	+0.12	4.25
UK Index Tracking & F	6	114.04	114.76	122.09	+0.05	4.28
Intl Index Tracking F	6	95.67	96.50	102.66	-0.56	1.47
International	6	158.09	159.73xd	169.93	-0.66	1.96
European	6	125.97	126.93	135.03	+0.29	0.88
Pan European	6	96.93	97.8xd	104.11	+0.11	3.09
Nth American	6	121.12	122.24xd	130.04	-0.86	2.08
Nth Amer Smllr Cos	6	106.19	108.46	115.38	-0.27	0.00
Japanese	6	56.42	57.26xd	60.91	-0.41	0.00
Pacific	6	128.50	130.42xd	138.74	-0.04	1.10
South East Asian	6	129.78	131.90	140.32	-0.61	1.04
International Bond	6	103.79	103.79	110.39	-0.25	6.79
Gilt & Convertible	6	100.84	101.02	107.47	+0.13	8.14
Property F	6	69.34	71.54xd	76.11	-0.14	9.13
Cash Deposit Accum F	0	100.98	100.98	100.98	+0.02	9.21

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
American	5	269.2	269.2	286.4	(z)	0.79
(Accum Units)	5	316.8	316.8	337.1	(z)	0.79
British	5	879.6	896.8	948.8	(z)	5.27
(Accum Units)	5	1675.1	1583.9	1591.1	(z)	5.27
European	5	341.6	341.6	363.0	(z)	1.43
(Accum Units)	5	370.3	370.3	393.9	(z)	1.43
Japan	5	97.81	97.81	104.1	(z)	–
(Accum Units)	5	98.59	98.59	104.9	(z)	–
New Pacific	5	209.9	209.9xd	224.0	(z)	1.57
(Accum Units)	5	217.2	217.2	231.8	(z)	1.57
Investment Tst May 27	5	161.2	166.5	176.2	....	2.50
Magd Equity	5	132.5	133.9	141.7	(z)	2.72
Magd Equity Acc	5	140.6	142.1	150.3		2.72
Magd Cash	0	96.53	96.53	96.53	(z)	9.35
(Accum Units)	0	121.2	121.2	121.2		9.35
Majority Stg	1	100.66	100.66	101.67	(z)	9.25
Majority Stg Acc	1	111.63	111.63	112.79	(z)	9.25

Stockwood Intl Inv Mngrs Ltd (1200)F
Admin, 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

International Jun 1	0	50.20	50.20	50.67	....	1.75

Sun Alliance Unit Tst Mngmt Ltd (1200)F
St Mark's Court, Horsham 0403 232323

Equity	6	646.1	653.4	698.8	-0.9	2.84
North America	6	80.96	80.96	86.59	-0.85	0.37
Far East	6	88.14	88.14	94.30	-0.10	0.57
W'wide Bond	6	47.31	47.31	50.35	-0.08	6.25
European	6	69.53	69.53	74.36	-0.18	1.20
Equity Income	6	71.07	71.97xd	76.97	+0.03	5.22
Portfolio	6	59.62	59.62	63.76	-0.11	1.68
UK Leading Cos	6	46.26	46.64	49.83	....	2.90
Broker Trusts						
Worldwide Growth	6	47.00	47.00	50.00	....	2.23
Intl Equity	6	46.17	46.54	49.78	-0.05	2.74

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basingview, Basingstoke, Hants 0800 525725

American Growth	6	25.58	25.58	27.36	-0.28	0.76
Managed Assets	6	105.31	106.18	113.48	+0.24	5.20

Local Authorities Mutual Invest. Tst.
2 Fore Street, London EC2Y 5AQ

	Bid Price
Property May 31	190.25
Equity May 31	1922.95

* Available only to Local Authorities

M & G Securities Ltd

	Bid Price
Charifund June 4	105...
(Accum Units)	652...
NAACIF Jun 2	42...

Morgan Grenfell Investment Funds Ltd
Exempt Funds

	Bid Price
UK Equity † June 2	140.3
UK Small Co † June 2	564.5
Fixed Interest † June 2	111.0
US Small Co June 2	154.1
Managed June 2	115.7
Intl Bond June 2	120.7
Japan June 2	61.68
European June 2	93.49
Nth American June 2	113.7

Murray Johnstone UT Mgmt
Murray Exempt Funds

	Bid Price
American Exempt	53.96
European Exempt	53.82
Fixed Int Ex Jun 3	47.17
Japan Exempt	37.46
Managed Ex June 4	47.68
SE Asia Exempt	82.65
Sm Cos Expt Jun 3	38.44
UK Eqty Ex Jun 3	46.64

Phillips & Drew Fund Management Ltd

	Bid Price
Small Co's Jun 3	736.91
Do Accum	860.3
Int Expt Jun 4	193.07
UK Index Jun 3	134.35
Do Accum	146.77
Convertible June 1	100.63
World ex UK Index June 2	748.15
Do Accum	748.15

INSURANCES

OTHER UK UNIT TRUSTS

Century Life Plc – Contd.
Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Capital	79.7	83.9	-0.3	–
Managed Accum	114.3	120.3	-0.4	–
Property Capital	82.3	86.6	-0.5	–
Property Accum	117.8	124.0	-0.7	–
Equity Capital	115.7	121.8	-0.5	–
Equity Accum	165.9	174.7	-0.7	–
Intl Capital	70.7	74.4	-0.1	–
Intl Accum	101.2	106.5	-0.2	–

Equitable Life Assurance Society
Walton St, Aylesbury Bucks HP21 7QW 0296 393100

	Bid Price	Offer Price	+ or -	Yield Gross
European	127.4	134.1	-0.1	–
Far Eastern	306.9	323.0	-1.3	–
Fd of Inv Tsts	245.1	258.0	-0.7	–
Gilt & Fixed Int	177.8	187.2	-0.3	–
High Income	283.6	298.5	-1.0	–
Intl Growth	153.3	161.4	-0.4	–
Managed	199.7	210.2	-0.7	–
Money	163.2	171.8	....	–

Henderson Administration(z)
3 Finsbury Ave, London, EC2 M2PA 071-638 5757

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	324.3	345.1	-1.2	–
Fixed Interest	65.2	69.4	-0.1	–
N. America	264.8	281.8	+1.6	–
Far East	360.2	383.2	-1.6	–
Global Managed	336.7	358.2	-0.7	–
Deposit	207.6	218.6	....	–
Prime Res.	133.4	140.5	....	–

Life Association of Scotland
113 Dundas St, Edinburgh EH3 5EB 031-550 5000
LAS Investment Assurance

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	271.0	285.5	-0.2	–
UK Equity	468.7	493.4	+0.4	–
Property	290.3	305.6	....	–
Money Market	228.9	241.0	....	–
Fixed Interest	268.9	283.1	+1.2	–
Japan	246.6	259.9	-0.7	–
North America	120.3	126.7	-1.1	–

NEL Britannia Assce Co Ltd – Contd.
Specialist Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Barings Convertibles	114.0	120.0	-0.3	–
Barings Eastern	123.0	129.5	-0.1	–
Barings Equity Income	98.7	103.9	-0.8	–
Barings European Growth	108.0	113.7	-0.4	–
Barings German Growth	106.1	111.7	-0.3	–
Barings Japan Growth	84.1	88.5	-1.0	–
Barings UK Smllr Cos	110.5	116.3	....	–
Fidelity 1992 Euro Opps	102.7	108.1	-0.1	–

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
Lynch Wood, Peterborough PE2 6FY 0733 470470				
Property Dist. (Gross)	135.0	142.1	+0.1	-
Property Acc. (Gross)	257.2	270.8	+0.1	-
Equity (Gross)	921.4	969.9	+0.5	-
Managed (Gross)	637.2	670.8	-0.9	-
Property Acc. (Net)	123.0	129.5	+0.1	-
Equity (Net)	212.9	224.1	+0.1	-
Managed (Net)	195.3	205.6	-0.3	-
International (Net)	167.3	176.1	-0.5	-
Gilt & Fixed Interest	140.3	147.7	+0.6	-
Money Fund	139.2	146.6	+0.1	-
Mixed Fund (Cap)	122.9	129.4	----	-
Mixed Fund (Acc)	127.0	133.7	----	-
Adventurous Managed	96.0	101.1	-0.5	-
Cautious Managed	95.7	100.7	-0.3	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	693.5	730.1	-0.3	-
Ret Man (Series 2)	235.2	247.6	-0.1	-
Ret Cash	195.9	206.2	+0.1	-
Pens Mixed Fd (Cap)	137.6	144.9	----	-
Pens Mixed Fd (Acc)	142.2	149.7	----	-
Pens Stg Fd (Cap)	103.4	108.9	----	-
Pens Stg Fd (Acc)	106.8	112.5	----	-
Pegasus Assurance Ltd				
Broad Quay, Bristol BS1 4DJ 0272 290271				
Life Funds				
Managed Aggressive	104.7	110.2	-0.3	-
Managed Balanced	102.2	107.6	-0.5	-
Managed Cautious	113.4	119.4	-0.3	-
Pension Funds				
Managed Aggressive	109.5	115.3	-0.3	-
Managed Balance	107.2	112.9	-0.5	-
Managed Cautious	117.8	124.0	-0.5	-

For Pioneer Mutual see Swiss Pioneer

	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	140.0	148.0	-1.0	-
Building Soc. Fd	222.0	234.0	-	-
Balanced	285.0	300.0	-2.0	-
European	213.0	225.0	---	-
GT Managed	192.0	203.0	---	-

	Bid Price	Offer Price	+ or -	Yield Gross
Provident Mutual Life Assc. Assn. - Contd.				
Index Linked Gilt Init.	128.0	134.7	+0.3	-
Overseas Equity Ord	271.7	286.0	-0.9	-
Overseas Equity Init.	198.7	209.2	-0.6	-
Property Ord	221.6	233.3	+0.1	-
Property Init.	162.0	170.5	----	-
Fixed Interest Ord.	228.0	240.0	+0.3	-
Fixed Interest Init.	166.7	175.5	+0.2	-
Deposit Ord	186.2	196.0	----	-
Deposit Init.	136.2	143.4	+0.1	-
Pension Funds				
Managed Ord	476.9	502.0	-0.1	-
Managed Init.	348.7	367.1	-0.2	-
Equity Ord	750.9	790.4	+0.2	-
Equity Init.	549.1	578.0	+0.1	-
Pen Ind Lkd Gilt Ord	189.1	199.1	+0.5	-
Pen Ind Lkd Gilt Init.	144.4	152.0	+0.3	-
Overseas Equity Ord.	309.0	325.3	-1.1	-
Overseas Equity Init.	225.9	237.8	-0.9	-
Property Ord.	279.0	293.7	+0.1	-
Property Init.	204.0	214.7	----	-
Fixed Interest Ord	289.9	305.2	+0.4	-
Fixed Interest Init.	212.0	223.2	+0.3	-
Deposit Ord	267.0	281.1	+0.2	-
Deposit Init.	195.2	205.5	----	-
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed Jan 3	270.8	282.1	----	-
Prudential Corporate Pension Funds				
1 Stephen St, London W1P 2AP 071-548 3280				
Prudential Managed Funds				
Discretionary Jan 3	£195.24	201.32	----	-
Equity Jan 3	£227.10	234.85	----	-
International Jan 3	£27.86	28.43	----	-
Intl Bond Jan 3	£14.36	14.56	----	-
Fixed Int Jan 3	£106.22	107.40	----	-
Index Linked Jan 3	£77.64	78.62	----	-
Property Jan 3	£109.69	115.76	----	-
Cash Jan 3	£30.5947	30.5947	----	-
Pru-Linked Retirement Plan				
Managed Jan 2	475.4	495.3	----	-

	Bid Price	Offer Price	+ or -	Yield Gross
Providence Capital International Ltd - Contd.				
Fixed Futures1 Sep '93	$0.946	0.946	----	-
Fixed Futures2 Mar '91	$0.852	0.852	----	-
Swiss Franc Mngd	SFr5.625	6.049	----	-
Swiss Franc Money Mkt	SFr1.188	1.278	----	-
DM Deutschmark Managed	DM1.852	1.992	----	-
Broker Managed Funds				
E GFS Global Port	£0.864	0.932	----	-

	Bid Price	Offer Price	+ or -	Yield Gross
J. D. Ward Financial Services Ltd				
9 Kingsway, London, WC2 B6XF. 071-836 4321				
J.D. Ward Mngd Bond	194.8	210.6	----	-
J.D. Ward Mngd Pens	124.8	134.8	----	-
Albany Life Acc	198.4	208.8	+0.2	-
Albany Pens Acc	256.2	269.6	-0.5	-
M&G Trioss Pen Acc	192.5	202.2	----	-
NPI CWR Growth Pen Acc	189.7	199.6	----	-

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

OFFSHORE INSURANCES

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Rothschild Asset Management - Contd.						
OCCFL DFl				50.432d	----	9.90
OCCFL DKr				151.4d	----	9.19
OCCFL DM				40.330d	----	8.53
OCCFL ECU				15.133d	----	9.10
OCCFL SFr				806.7d	----	8.46
OCCFL FFr				100.845d	----	9.01
OCCFL HK$				100.25d	----	2.23
OCCFL Lire			125.20	25.283d		11.46
OCCFL NZ$				25.129d		5.39
OCCFL S$				30.056d		1.75

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Liberty ALL-STAR World Pfolio-Eqty Fd(u)						
2 boulevard Royal, Luxembourg 010 352 45401						
NAV (z)		$-	10.54		-0.02	-
Lloyds Bank Luxembourg						
1, Rue Schiller, Luxembourg 010 352 402212						
Lloyds International Portfolio						
Canadian Dollar Bds		C$-	116.16	118.77	...	-
Swiss Franc Bonds		SFr-	106.98	109.39	...	-
Deutsche Mark Bonds		DM-	111.41	113.92	...	-
French Franc Bonds		FFr-	113.43	115.98	...	-
Sterling Bonds		£-	121.18	123.91	...	-
Yen Bonds		Y-	10.997	11.244	...	-
Dutch Guilder Bonds		Dfl-	111.00	113.50	...	-
US Dollar Bonds		$-	111.49	114.00	...	-
ECU Bonds		Ecu-	114.76	117.34	...	-
Multicurrency Bond		$-	103.06	105.38	...	-
Europe Equity		Ecu-	100.06	102.31	...	-
Japan Equity		Y-	9.137	9.343	...	-
North America Equity		$-	94.50	96.63	...	-
Pacific Equity		$-	106.95	109.36	...	-
Smaller Cos		$-	18.26	18.67	...	-
UK Equities		£-	118.29	120.95	...	-
World Equity		$-	99.08	101.31	...	-
Gold		$-	95.34	97.49	...	-
Convertible		$-	103.22	105.54	...	-
Warrant		$-	60.42	61.78	...	-
Midland Internatl Circuit Fund SICAV(u)						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 606000						
UK Growth		£-	1.006	1.067	[illegible]	1.41
European Growth		£-	0.946	1.004	[illegible]	-
European Opps		$-	2.351	2.494	[illegible]	-
Japan Growth		£-	0.681	0.723	[illegible]	-
Japanese Opps		$-	1.624	1.722	[illegible]	-
Pacific Growth		£-	1.007	1.068	[illegible]	0.37
Nth American Growth		£-	1.033	1.096	[illegible]	-
American Opps		$-	2.113	2.241	[illegible]	-
Environmental Opps		£-	0.899	0.954	[illegible]	-
UK Fixed Interest		£-	1.139	1.208	[illegible]	6.62
Multicurrency Bond		£-	1.008	1.070	[illegible]	5.61
UK Stg Liquidity		£-	1.011	1.072	[illegible]	9.33

	Bid Price	Offer Price	+ or -	Yield Gross
Espirito Santo Investment Mgmnt (SICAV)				
Southern European Fd	$8.96		+0.14	
ECU Bond	Ecu104.61		-1.18	
Eurecis Management S.A.				
Eurecis Fd NAV June 4	Ecu26.89		...	
Europe Plus Investissement (SICAV) (u)				
NAV Jun 5	Ecu156.44		+0.08	
Europe Value Fund (u)				
NAV	$11.22		-0.09	
EurOptec (u)				
European Protection	Ecu104.62	110.71	...	
Fidelity Intl Inv Mngt (Luxembourg) SA				
Conr Sec Portfolio	$8.95	9.40	-0.02	1.7
New Europe Fd	$10.67	11.20	...	0.4
Fidelity Investment (CI) Ltd				
Blncd Port-Hedged	$13.19	13.85	-0.04	0.7
Blncd Port-Unhedged	$12.44	13.06	-0.06	0.8
Discovery	$18.95	19.90	-0.02	0.2
Far East	$60.54	63.57	-0.24	0.1
Frontier	$34.73	36.47	-0.23	0.2
Global Industries	$16.38	17.20	+0.01	
Global Selection	$13.65	14.33	-0.02	
International	$16.09	16.89	...	0.3
Orient	$95.78	100.57	-0.32	
Special Growth	$29.13	30.59	-0.10	0.1
World	$89.25	93.71	-0.04	0.2
The First Korea Smaller Companies Fund				
NAV Apr 30	$10.61		-0.11	
Five Arrows Intl Bond Fund (u)				
Rothschild Asset Management (CI)				
NAV per share	$13.05		+0.02	
Fleming Group				
Fleming Fund Management (Lux)				
Balanced Fund	$25.10		(z)	
Japan Warrant NAV	$2.70		+0.03	
European Wrt NAV	$6.09		+0.02	
FF Portfolio	$10.95	11.53	...	
FF Series II	£3.96		...	9.3

	Bid Price	Offer Price	+ or -	Yield Gross
Global Asset Management—Contd.				
GAM Japan	$611.86		...	-
GAM Nth America Fd	$130.93		-1.67	-
GAM Money Mkt US$	$101.48		...	-
Do Sterling	£104.25		+0.02	-
Do Swiss Fr	SFr103.38		+0.02	-
Do Deutschmark	DM103.96		+0.03	-
Do Yen	Y10192		+2	-
GAM Multi-Mkgr-Mixed	$122.74		+0.73	-
GAM Multi-Mkgr-Gen Eq	$126.59		+1.08	-
GAM Multi-Mkgr Trading	$127.94		...	-

	Bid Price	Offer Price	+ or -	Yield Gross
Orbis Investment Management Ltd				
Orbis Global Eqty	$12.66	13.31	+0.03	-
Orbis Optimal Eqty	$17.17	18.04	+0.08	-
Orbis Leveraged Eqty	$17.34	18.33	-0.23	-
* Prices on June 4 Next Pricing June 11 Weekly Pricing				
Orbitex Bahamas Ltd				
Orbitex Nat Res Fd	C$8.0531	8.8584	...	-
Orbitex Growth Fund	$6.8765	7.5642	...	-
[illegible]	$4.6997	5.1697	...	-
ORIENT Growth Fd				

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

INDICES

NEW YORK

DOW JONES	Jun 4	Jun 3	Jun 2	Jun 1	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3399.73	3406.99	3396.10	3413.21	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	99.68	99.78	99.77	99.84	100.17 (19/5)	98.41 (20/3)	100.17 (19/5/92)	54.99 (1/10/81)
Transport	1377.06	1373.13	1371.64	1376.12	1467.68 (20/2)	1301.57 (8/4)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	211.25	212.01	211.32	212.51	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3427.98 (3431.09) Low 3376.40 (3378.73)

STANDARD AND POOR'S

	Jun 4	Jun 3	Jun 2	Jun 1	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	413.26	414.59	413.50	417.30	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	489.60	490.90	489.85	494.95	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	35.07	35.30	35.06	35.16	35.80 (13/5)	32.40 (8/4)	35.80 (13/5/92)	8.64 (1/10/74)
NYSE Composite	227.90	228.65	228.20	229.90	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	397.18	395.65	393.95	394.84	418.99 (12/2)	380.90 (8/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	588.26	589.93	589.18	588.37	644.92 (12/2)	560.33 (28/4)	644.92 (12/2/92)	54.87 (31/10/72)

	May 29	May 22	May 15	year ago (approx.)
Dow Industrial Div. Yield	2.99	2.92	2.79	2.99

	Jun 3	May 27	May 20	year ago (approx.)
S & P Industrial div. yield	2.63	2.65	2.63	2.74
S & P Indl. P/E ratio	28.96	28.77	28.92	19.24

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Gen Motors	4,996,100	43½	+ 1¼
Chrysler	4,803,500	20⅝	+ ⅛
Bristol Myers	4,257,600	65½	- ⅞
Maxus	3,411,000	6½	+ ⅛
Ford	3,398,100	48¼	+ 1½
Syntex	3,265,300	35½	- 1
Walt Disney	2,767,400	37⅛	- 1¼
USX	2,519,100	26⅛	+ ⅝
Coca Cola	2,518,300	42⅞	- 1¼
Glaxo	2,290,100	26⅝	- ⅝

TRADING ACTIVITY

† Volume Millions	Jun 4	Jun 3	Jun 2
New York SE	204.360	215.730	200.660
Amex	12.279	11.245	11.434
NASDAQ	168.117	171.861	164.962
NYSE			
Issues Traded	2,233	2,259	2,263
Rises	755	839	808
Falls	934	843	900
Unchanged	544	577	555
New Highs	77	64	64
New Lows	28	24	24

CANADA

TORONTO	Jun 4	Jun 3	Jun 2	Jun 1	1992 HIGH	1992 LOW
Metals & Minerals	3234.27	3183.84	3148.85	3110.82	3238.87 (16/1)	2828.26 (8/4)
Composite	3403.42	3407.34	3410.20	3403.98	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1802.27	1798.62	1795.52	1796.45	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jun 5	Jun 4	Jun 3	Jun 2	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1674.5	1676.7	1678.1	1676.3	1684.90 (22/5)	1545.30 (9/4)
All Mining (1/1/80)	712.3	713.0	714.6	712.4	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	416.21	416.87	417.58	416.41	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	1003.48	1003.26	1006.93	1002.09	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1225.54	1224.10	1231.23	1235.40	1235.40 (2/6)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	(c)	331.47	335.13	347.73	365.29 (15/1)	326.35 (9/4)
FINLAND						
HEX General (28/12/90)	813.6	817.1	819.0	820.4	935.90 (24/2)	778.30 (9/4)
FRANCE						
CAC General (31/12/82)	542.50	540.06	546.24	548.16	555.93 (12/5)	475.53 (2/1)
CAC 40 (31/12/87)	1981.58	1994.87	1992.61	2024.87	2077.49 (11/5)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	714.24	712.68	719.06	718.22	725.26 (26/5)	643.26 (8/1)
Commerzbank (1/12/53)	2015.50	2014.20	2029.5	2025.2	2043.80 (25/5)	1813.80 (8/1)
DAX (30/12/87)	1789.07	1792.31	1788.58	1801.39	1811.57 (25/5)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	6036.80	6037.37	6059.39	6082.70 (27/5)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1373.86	1372.91	1375.11	1376.09	1469.57 (17/1)	1346.61 (3/4)
ITALY						
Banca Com. Ital. (1972)	487.42	492.90	497.32	500.31	551.59 (6/2)	472.72 (15/5)
MIB General (2/1/92)	961.0	972.0	981.0	987.0	1086.00 (5/2)	932.00 (15/5)
JAPAN						
Nikkei (16/5/49)	17790.04	17984.07	18188.68	18125.55	23801.18 (6/1)	16598.15 (9/4)
Tokyo SE (Topix) (4/1/68)	1345.96	1354.10	1366.38	1364.58	1763.43 (6/1)	1196.19 (9/4)
2nd Section (4/1/68)	2017.55	2023.02	2032.70	2040.03	2459.85 (6/1)	1910.56 (9/4)
MALAYSIA						
KLSE Composite (4/4/86)	587.16	586.23	588.93	586.74	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	314.5	314.6	313.7	314.6	314.70 (26/5)	274.00 (8/1)
CBS All Shr (End 1983)	215.2	215.3	214.7	215.3	215.50 (26/5)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	759.71	761.65	760.86	763.92	772.74 (18/5)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1517.21	1496.73	1439.42	1405.72	1517.21 (5/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	403.59	405.24	406.18	405.96	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1070.0	1087.0	1102.0	1083.0	1327.00 (21/1)	1006.00 (24/4)
JSE Industrial (28/9/78)	4667.0	4689.0	4679.0	4646.0	4689.00 (4/6)	4169.00 (2/1)
SOUTH KOREA[**]						
Korea Comp Ex. (4/1/80)	569.20	568.81	568.98	567.34	691.48 (8/2)	567.34 (2/6)
SPAIN						
Madrid SE (30/12/85)	254.64	258.06	260.42	262.05	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	974.5	979.70	983.9	992.2	1014.50 (11/5)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	875.4	873.4	870.3	876.9	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	670.9	671.4	669.8	673.0	682.30 (11/5)	601.10 (8/1)
TAIWAN[**]						
Weighted Price (30/6/66)	(c)	4586.61	4583.97	4468.94	5391.63 (30/1)	4268.17 (11/5)
THAILAND						
Bangk SET (30/4/75)	702.24	684.75	679.52	677.10	832.39 (7/4)	667.84 (19/5)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	508.2*	508.6	510.4	510.6	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	959.50	963.61	966.98	975.84	976.55 (25/5)	870.31 (2/1)

**Saturday May 30: Taiwan Weighted Price: 4496.58, Korea Comp Ex. 574.20.
*Calculated at 15.00 GMT
♦ Subject to official recalculation.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. ♦ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

WORLD STOCK MARKETS

AMERICA

Dow slides in heavy trading on jobs data

Wall Street

SHARE prices fell across the board in heavy trading yesterday as investors reacted to a disappointing May employment report, *writes Patrick Harverson in New York.*

By 1pm the Dow Jones Industrial Average was down 17.63 at 3,382.10. The more broadly based Standard & Poor's 500 was also weaker at midsession, down 1.11 at 412.15, as was the Nasdaq composite, 1.60 lower at 586.66. Turnover on the NYSE was 117m shares by 1pm, and declines outpaced rises by 883 to 616.

The May employment figures came with an unexpected shock – a smaller-than-expected 68,000 jump in non-farm payroll jobs, and, more importantly, a rise in the unemployment rate last month from 7.3 per cent in April to 7.5 per cent.

Although the Labor Department said that the increase was primarily due to a rise in the number of people registering to look for work, the market had not been expecting any change in the headline rate, and share prices went into an immediate decline.

The only good news in the morning was the reaction of the bond market to the jobs figures, which bid up bond prices, and pushed down yields, on renewed hopes that the poor state of the labour market might persuade the Federal Reserve to cut interest rates again.

Among individual stocks, Reebok International plunged $4⅝ to $23¼ in turnover of 2.7m shares after the sportshoe manufacturer announced late on Thursday that its second quarter net income would fall to a range of 49 to 53 cents a share, from 64 cents a share in the same quarter of 1991.

Du Pont eased $⅜ to $51⅛ in active trading after the company disclosed that it would take a charge in the second quarter to cover the costs of a product recall. The stock was also damaged by a cut in its earnings estimates by Salomon Brothers.

Walt Disney fell $1¼ to $36 in turnover of 2m shares as investors continued to react negatively to news from Euro Disney, the theme park near Paris half-owned by the US entertainment group.

Although the latest attendance figures were not disappointing, Euro Disney announced that the opening of a second park would be put back a year and that the company might not make a profit in its first year.

Albany International dropped $1⅞ to $15¼ on the news that company expects to break even, or possibly record a slight loss in the second quarter because of a 7 per cent decline in sales.

First Chicago firmed $⅜ to $33¼ in turnover of 1.8m after a public offering of 8m shares of the bank's common stock was completed successfully at a price of $32.75 a share.

Canada

TORONTO shadowed Wall Street's opening decline and TSE-300 fell 5.70 to 3,394.0 in volume of 2.9m shares, declines edging advances by 92 to 91 with 159 unchanged.

EUROPE

Paris tumbles as Euro Disney loses ground

THE APPROACH of another public holiday left northern Europe muted and mixed yesterday, as it digested this week's 'No' vote in Copenhagen and the French decision to go on the referendum trail. But Mediterranean bourses were more clearly depressed, *writes Our Markets Staff.*

PARIS took another tumble, but this time it had nothing to do with the aftermath of the Danish vote. Euro Disney took centre stage as investors began to sell on almost any excuse, some analysts said. Weakness here fed through into the CAC-40 which finished 13.29 lower at 1,981.58, although off the day's low of 1,974.99, for a fall of 2.5 per cent over the week.

The theme park made a number of comments after the close on Thursday which led to a wave of selling when trading opened: the company said that it did not expect to make a profit this year and is disappointed at the attendance figures over the first 50 days.

County NatWest in London has cut its dividend forecast to FFr1.00 from FFr1.50 and notes that the planned second park has been postponed. A downgrading of Walt Disney, Euro Disney's US parent, by Morgan Stanley later in the day only added to the stock's woes and it sank to a year's low of FFr108.1 before firming a little to close down FFr5.80, or 5 per cent at FFr109.50 with some 1.7m shares traded.

Other features of the day included Bernard Tapie Finance, up FFr3.50 at FFr138.50 after a brief suspension in the morning on group net loss for 1991. Geophysique advanced FFr44.00 to FFr684.00 on good first quarter results and prospects for the year, while Promodes was FFr80.00 firmer at FFr3,500 following a positive analysts meeting.

FRANKFURT saw some action in second liners as the majors stayed mainly flat. After a 1.59 gain to 714.27 for the FAZ at midsession, the DAX index closed 3.24 lower at 1,789.07; falls on the week were 1.0, and 0.8 per cent.

Volume fell from DM6.8bn to DM5.6bn, anticipating Monday's holiday. Linotype, one of the disappointments of 1991, rose another DM17 to DM418 on higher orders and the indication of a return to the dividend list this year.

Steels rose after a Commerzbank report gave measured, but limited, support to their cyclical recovery prospects. Preussag rose DM3.60 to DM430.50 and Klöckner-Werke by DM2 to DM126.50.

Berliner Bank, state controlled, rose DM11 to DM290 *after the Berlin city coalition* government approved its merger with two other state-owned banks.

FT-SE Eurotrack 100 - Jun 5							
Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1185.09	1184.48	1184.35	1183.81	1182.88	1182.03	1181.97	1181.18
Day's High 1185.24				Day's Low 1180.34			

Jun 4	Jun 3	Jun 2	Jun 1	May 29
1184.92†	1186.81	1200.27	1196.12	1199.58

Base value 1000 (26/10/90). † Indicative.

MILAN reacted to a rise of half a percentage point in the Bank of Italy's interest rate on advances to banks. This was followed after hours by a Banco di Napoli increase of a half a point in prime and top rates, and three quarters of a point in other rates.

The Naples-based bank is one of Italy's leading commercial banks and its lead is likely to be followed. Meanwhile, the Comit index fell 5.48 to 487.42 for a loss of 1.8 per cent on the week. Banks and insurances were weak on the interest rate move but Fiat tried to lead the way down, dropping L118 to L5,282 before recovering to L5,330 on the kerb.

ZURICH was stirred only by Sandoz, described as particularly undervalued in a report on Swiss chemicals majors by Mr Jonathan Spink of Williams de Broë. Sandoz certificates *topped the active list and rose* SFr90 to SFr2,920 as the SMI index closed 3.1 lower at 1,918.8, little changed on the week.

AMSTERDAM weakened slightly in spite of encouraging results on Thursday from KLM and Ahold. The CBS Tendency index closed down 0.1 at 130.5 and was 0.4 per cent lower on the week.

Ahold improved Fl 1.00 or 1.1 per cent to Fl 88.20 following first quarter results which came out after the close on Thursday. KLM likewise had a reasonable day, advancing to the day's high of Fl 41.10 before easing to close up 10 cents at Fl 40.40. Prudential Securities of the US, however, has cut its rating for the airline group to hold from buy.

Aegon was again active, up 50 cents at Fl 124.20. The insurer has set next Tuesday for its 2-for-1 stock split. Nedlloyd weakened on options selling, down 90 cents at Fl 59.50.

BRUSSELS strengthened with trading in Solvay accounting for some 20 per cent of total volume. The Bel-20 index firmed 1.44 to 1,225.54 but was down 0.6 per cent on the week. Petrofina saw its fourth consecutive fall to close down BFr75 at BFr10,575 in volume of some 6,140 shares.

MADRID weakened as the market continued to react to the Danish 'No' vote on the Maastricht treaty. The general index ended down 3.42 to 254.64, a drop of 2.45 per cent over the week. However, analysts are forecasting lower inflation data next week which is expected to improve sentiment.

STOCKHOLM featured losses at SE Banken where the A fell SKr2 to SKr33.50, and the Affärsvärlden General index dropped 5.4 to 974.5 for a loss of 1.7 per cent on the week.

HELSINKI continued to fall in slow trade ahead of the next two weeks' crop of interim results. The Hex index closed 3.2 lower at 813.7, 2.9 per cent lower on the week.

SOUTH AFRICA

Squaring of positions ahead of the weekend saw Johannesburg finish lower. The industrial index lost 22 to 4,667 after an intraday high of 4,694. The overall index shed 4 to 3,739, while golds declined by 9 to 1,078.

Tokyo weathers cold backwash from 1991

But the OTC market remains vulnerable to Japan's current economic downturn writes **Emiko Terazono**

While Japan's current economic downturn has forced companies to report poor earnings results for the last fiscal year, the Tokyo stock market has remained calm against the slew of poor earnings announcements during the past few weeks.

Contrary to previous forecasts of a 5 to 10 per cent growth in earnings for the year ended March, profits at Japanese companies have been hit by the sharp decline in demand resulting from a weakening economy, and heavy losses on securities investments.

According to the Nihon Keizai Shimbun, the business daily, pre-tax profits for Japan's 1,404 listed companies fell 14.8 per cent. However, share prices have weathered the spate of poor earnings announcements, and the Nikkei stock average has managed to restrict its decline to 4 per cent from April.

Ms Kathy Matsui, strategist at Barclays de Zoete Wedd in Tokyo, explains that profits have become a neutral factor since the bad news has already been factored into share prices. "The market turned negative on earnings concerns at the end of last year," she adds.

The exceptions have been the traditionally conservative companies posting losses on speculation in the real estate and stock markets; unwelcome surprises like these have depressed companies' share prices. "Investors have been shocked by solid companies revealing hidden spectres of the stock market bubble," says Mr Craig Chudler, strategist at UBS Phillips & Drew in Tokyo.

Sekisui Chemical, for example, said it would incur an 18 per cent fall in pre-tax profits for the current year, due to securities losses of Y60bn at its finance subsidiary. Since its earnings announcement at the beginning of May, Sekisui's shares have fallen 24 per cent, and closed yesterday at Y840.

Makita, the electric tool maker, posted a 27 per cent fall in pre-tax profits for the past fiscal year due to heavy losses on its investment portfolio. The company posted losses of Y5.9bn on its tokkin – or specified money trust. Makita has lost 10 per cent since its earnings announcement.

A rebound in the economy is expected in the second half of the current fiscal year to March 1993. However, investors remain confused about corporate forecasts for the current fiscal year, due to the uncertainty shrouding the path of the economy.

Ms Matsui at BZW, who foresees a robust pick up in corporate earnings in fiscal 1993, says that until the direction of the economy can be confirmed, the corporate profit factor will have little impact on overall share prices.

In contrast, the over-the-counter market has been hit by weak corporate earnings at Japan's smaller companies. The OTC average has declined 6 per cent from the beginning of April, as the smaller companies have shown themselves vulnerable to the current downturn in the economy.

Figures compiled by the Nihon Keizai Shimbun indicate that pre-tax earnings at OTC companies, which announced results for the year ended March, fell 24.6 per cent from the previous year.

Daily volume, which has been as high as 5m shares at the height of the OTC market boom in 1990, has also been subdued, with figures teetering around 1m on most days.

OTC stocks were promoted on their high earnings growth potential, and the index surged above 3,000 in 1990. However, the market has nearly halved from those levels, as small companies have had trouble withmounting inventories, and were affected by the fall in profits at the larger companies.

Pre-tax profits for the OTC steel sector fell 30.1 per cent, while electronics declined 27.3 per cent and the real estate sector saw a total pre-tax loss of Y11.3bn.

The OTC market also faces an overhang of supply. Domestic and foreign investment trusts rushed to set up OTC funds at the height of the market. Mr Chudler of UBS Phillips & Drew points out that such funds, which sought shares at overblown prices, now carry heavy losses.

In addition, the oversupply is expected to be aggravated by forthcoming new listings. The popularity of a recent listing by Ito-en, a tea leaf and beverage company, is likely to encourage a number of companies which have been waiting since the end of last year, when new listings were suspended due to sluggish market conditions.

Last October's implementation of Jasdaq, the automated trading system, has also hurt the market. The system, which matches and processes orders *automatically through a host* computer, has helped remove speculation in deals previously matched by phone.

Overpriced issues, in what used to be an inefficient market, have ironically been deflated by the speeding up of transactions and the increase in trading capacity.

For the current year to March, OTC companies expect pre-tax profits to recover by 21.7 per cent. However, traders remain pessimistic, as institutions await to run down their holdings on a rebound.

ASIA PACIFIC

Nikkei falls in arbitrage related trade

Tokyo

SHARE prices retreated on arbitrage related selling in thin trading yesterday, unimpressed by the strong yen and bond prices, *writes Emiko Terazono in Tokyo.*

The Nikkei average lost 1 per cent or 174.03 to 17,790.04, 3 per cent lower on the week. The index opened at the day's high of 17,900.04 and fell to a low of 17,724.31 in the afternoon. Volume fell to 180m shares from 215m. Activity was limited to individuals and dealers, institutional investors remaining inactive before the expiration of June futures contracts.

Declines overwhelmed advances by 683 to 227, with 174 unchanged. The Topix index of all first section stocks lost 8.14 to 1,345.96 and, in London, the ISE/Nikkei 50 index fell 1.02 to 1,061.85.

In spite of lingering concern, most analysts expect the futures expiration and settlements next week to be a "non-event" due to declining arbitrage positions. Institutional buying is also expected to absorb the unwinding.

Yesterday saw light index-linked selling, and illiquid component stocks of the Nikkei 225 index fell sharply. Daito Woolen Spinning & Weaving fell Y24 to Y731 and Shinagawa Refractories by Y13 to Y750.

Fanuc, the machine tool equipment and robotics maker, lost Y110 to Y4,150. Investors were discouraged by the decision by General Motors of the US to sell its stake in a joint venture set up with Fanuc.

Trust banks were lower on concerns over bad debts. Mitsui Trust and Banking fell to a year's low, and closed Y30 down at Y783. The company has extended loans to several real estate and stock speculators facing financial trouble, and is involved in restructuring programs of land developers. Mitsubishi Trust and Banking fell Y30 to Y920 and Sumitomo Trust and Banking declined Y19 to Y931.

Theme stocks declined as dealers took profits ahead of the weekend. Meiji Milk Products, the most active issue of the day, fell Y3 to Y928, and Japan Metals & Chemicals declined Y15 to Y738.

Blue chip electricals lost ground on the lack of foreign support. Sony fell Y70 to Y4,320 and NEC declined Y18 to Y910.

In Osaka, the OSE average declined by 177.72 to 20,487.66 in volume of 10.6m shares. Small-lot selling by individuals depressed the index.

Roundup

HONG KONG and Taiwan were closed for public holidays and in any case, said Mr David Bates of Asia Equity, investors have been looking to lock in their Hong Kong profits and look for gains elsewhere.

MANILA obliged, rising another 20.48 yesterday to a record closing high of 1,517.21, up 8.4 per cent on the week, partly on anticipation that the Philippines ex-defence chief, Mr Fidel Ramos, would be proclaimed president by Congress, which is still tabulating results of the May 11 election.

Turnover jumped from 599m pesos to 741.6m.

JAKARTA's official index rose 2.08 in half-day trading to 315.58, up 5.5 per cent on the week. Mr Bates observed that the main reason, a percentage point cut in the base rate, still left Indonesia's base lending rate at 27 per cent, but that inflation was at single digit level and that more interest rate cuts were expected to come.

Indonesia and the Philippines, said Mr Bates, were getting their economic growth through to corporate earnings, unlike Singapore and Malaysia where equities were been relatively quiet last week.

BANGKOK rallied after a jittery week, the SET index advancing 17.49, or 2.6 per cent to 702.24, 1.9 per cent higher on the week, in reaction to an opposition decision to nominate Democrat Party leader Chuan Leekpai as a compromise prime minister.

BOMBAY staged a rebound to close with the BSE index up 81.82 at 3,086.74, up 2.7 per cent on another week of scandal speculation; the week before, it fell by 12.5 per cent.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JUNE 4 1992								WEDNESDAY JUNE 3 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	153.12	+0.1	124.36	123.46	127.25	133.36	−0.1	4.09	152.93	124.82	123.50	127.57	133.45	153.68	140.94	135.93
Austria (19)	173.36	−0.2	140.80	139.78	144.08	144.21	−0.6	2.04	173.66	141.74	140.24	144.87	145.10	186.70	162.48	200.50
Belgium (46)	143.13	−0.9	116.24	115.39	118.95	116.13	−1.4	5.26	144.44	117.89	116.63	120.49	117.73	146.19	135.87	132.54
Canada (115)	128.14	+0.2	104.07	103.31	106.48	111.07	−0.1	3.30	127.86	104.35	103.24	106.65	111.14	142.12	125.60	142.27
Denmark (35)	238.27	−1.5	193.52	192.11	198.02	200.28	−1.7	1.83	241.80	197.36	196.27	201.71	203.66	273.94	226.81	238.72
Finland (15)	77.72	+0.7	63.12	62.66	64.59	71.06	+0.3	1.99	77.20	63.01	62.34	64.40	70.87	89.80	73.64	114.66
France (104)	164.24	+0.5	133.39	132.41	136.48	138.73	+0.1	3.39	163.48	133.43	132.00	136.38	138.80	168.75	148.08	136.77
Germany (65)	123.79	−0.4	100.53	99.82	102.87	102.87	−0.8	2.25	124.28	101.43	100.37	103.67	103.67	124.92	114.67	113.55
Hong Kong (55)	253.94	+0.2	206.24	204.74	211.05	252.21	+0.2	3.25	253.44	206.85	204.66	211.42	251.78	254.87	176.36	153.15
Ireland (16)	157.85	+0.5	128.20	127.27	131.18	133.46	+0.2	4.07	157.02	128.16	126.80	130.98	133.24	173.71	151.78	156.01
Italy (78)	72.14	−0.6	58.59	58.16	59.95	65.15	−0.9	3.24	72.55	59.22	58.59	60.52	65.75	80.86	68.39	80.31
Japan (473)	104.19	−0.8	84.62	84.01	86.60	84.01	−1.0	1.01	105.06	85.74	84.83	87.65	84.83	140.95	88.70	134.80
Malaysia (69)	235.39	+0.3	191.16	189.78	195.62	228.91	+0.1	2.70	234.72	191.58	189.54	195.79	228.71	250.18	212.49	238.40
Mexico (18)	1689.46	−0.8	1355.86	1346.03	1387.42	5689.02	−0.8	1.01	1682.64	1373.34	1358.78	1403.62	5733.47	1789.77	1376.91	1079.72
Netherland (25)	162.55	+0.7	132.01	131.05	135.09	133.65	+0.3	4.18	161.48	131.80	130.40	134.71	133.22	162.55	147.88	138.69
New Zealand (14)	47.35	−0.3	38.45	38.18	39.35	46.80	−0.3	5.47	47.51	38.78	38.37	39.64	46.92	48.52	42.01	50.46
Norway (23)	186.49	+0.2	151.46	150.36	154.99	158.46	+0.0	1.60	186.05	151.85	150.25	155.20	158.46	192.95	161.26	204.42
Singapore (38)	225.21	−0.6	182.90	181.58	187.16	169.11	−0.5	1.96	226.48	184.85	182.89	188.92	170.02	228.43	192.76	205.82
South Africa (61)	248.39	+0.6	201.73	200.27	206.42	188.81	+0.1	2.72	247.02	201.61	199.47	206.05	188.62	263.60	203.16	214.22
Spain (50)	158.37	−0.6	128.62	127.69	131.62	120.46	−0.9	5.05	159.38	130.08	128.70	132.95	121.58	161.72	146.88	159.67
Sweden (27)	197.64	−0.1	160.52	159.36	164.26	168.97	−0.4	2.62	197.83	161.46	159.75	165.03	169.57	200.28	173.09	192.27
Switzerland (61)	107.34	+0.8	87.18	86.55	89.22	97.36	+0.3	2.25	106.52	86.94	86.02	88.87	97.04	107.75	95.99	93.41
United Kingdom (228)	196.85	+0.5	159.87	158.70	163.58	159.87	+0.1	4.67	195.78	159.79	158.08	163.30	159.79	200.07	165.85	170.22
USA (522)	168.48	−0.4	136.83	135.84	140.02	168.48	−0.4	2.96	169.12	138.03	136.57	141.08	169.12	171.68	160.92	155.26
Europe (792)	155.39	+0.2	126.20	125.29	129.14	128.53	−0.2	3.82	155.04	126.54	125.20	129.34	128.78	156.88	139.31	139.13
Nordic (100)	181.72	−0.6	147.58	146.51	151.02	148.72	−0.8	2.19	182.77	149.17	147.59	152.47	149.94	188.52	169.66	184.11
Pacific Basin (718)	110.74	−0.7	89.94	89.29	92.03	90.33	−0.8	1.38	111.51	91.01	90.05	93.02	91.09	141.97	94.40	135.21
Euro–Pacific (1510)	128.82	−0.2	104.62	103.86	107.05	106.13	−0.5	2.55	129.14	105.40	104.28	107.72	106.69	145.21	113.80	137.10
North America (637)	165.95	−0.3	134.77	133.81	137.93	164.57	−0.4	2.98	166.53	135.92	134.49	138.94	165.17	169.69	158.70	154.37
Europe Ex. UK (564)	130.70	+0.0	106.15	105.40	108.64	110.45	−0.4	3.17	130.72	106.69	105.56	109.07	110.87	131.77	121.81	120.10
Pacific Ex. Japan (245)	176.26	+0.1	142.34	141.33	145.66	155.42	+0.0	3.47	175.08	142.90	141.41	146.06	155.41	175.31	149.00	138.81
World Ex. US (1704)	131.13	−0.2	106.50	105.73	108.98	108.54	−0.5	2.56	131.42	107.26	106.13	109.63	109.09	146.91	116.45	138.58
World Ex. UK (1998)	137.63	−0.4	111.78	110.98	114.39	123.70	−0.5	2.47	138.18	112.78	111.59	115.27	124.35	150.58	127.21	140.57
World Ex. So. Af. (2165)	142.03	−0.3	115.35	114.53	118.05	126.51	−0.5	2.72	142.45	116.27	115.05	118.84	127.10	153.05	130.04	142.74
World Ex. Japan (1753)	164.38	−0.1	133.50	132.54	136.63	151.83	−0.3	3.29	164.55	134.30	132.89	137.28	152.25	165.40	153.20	148.96
The World Index (2226)	142.73	−0.3	115.92	115.09	118.63	127.08	−0.5	2.72	143.14	116.83	115.59	119.41	127.65	153.70	130.66	143.17

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Treas 3pc 1992		99⅞xd	+1/32	99⅞	97 27/32	3.08	—
Exch 12¼pc 1992		100½	+1/32	101¼	100 11/32	12.19	8.75
13½pc 1992		100 31/32	—	102¼	100 9/32	13.37	9.71
Treas 8¼pc 1993		99¼	—	99¼	97 13/32	8.31	9.37
10pc 1993‡‡		100 13/32	—	100½	99 11/32	9.96	9.50
12½pc 1993‡‡		103 3/16	—	103 27/32	101 31/32	12.12	9.46
Funding 6pc 1993‡‡		97 7/16	+⅛	97 7/16	95 3/16	6.17	9.29
Treas 13¾pc 1993‡‡		105 31/32	−1/32	106 27/32	104⅝	13.01	9.42
8½pc 1994		96⅞	−1/16	99 3/16	96¾	8.80	9.22
14½pc 1994‡‡		107 27/32	—	109¼	106 13/32	13.45	9.47
Exch 13½pc 1994		105 13/32	−1/32	107 13/32	105 3/16	12.82	9.36
Treas. 10pc Ln. 1994‡‡		101¼xd	−1/16	101 13/32	98 11/32	9.88	9.30
Exch 12½pc 1994		106 5/16	—	106 5/16	103 13/32	11.79	9.38
Treas 9pc 1994‡‡		99 13/32	−1/32	99 13/32	96⅝	9.05	9.21
12pc 1995		106	—	106 7/16	103⅜	11.32	9.35
Exch 3pc Gas 90-95		91¼	—	91¼	88¼	3.29	6.41
10¼pc 1995		102 13/32	−1/16	102 13/32	99 3/16	10.01	9.31
Treas 12¾pc 1995‡‡		109 13/32	−1/16	110⅝	106⅝	11.69	9.27
14pc 1996		113⅝	+1/16	114 3/16	110 7/32	12.32	9.44
9pc 1992-96‡‡		99 13/32	−1/32	100 3/16	96 7/16	9.04	9.12
15¼pc 1996‡‡		118 3/16	−1/16	119 3/16	114 13/32	12.86	9.43
Exch 13¼pc 1996‡‡		112 3/16	−1/16	112⅞	108½	11.80	9.40
Conversion 10pc 1996		102 13/32	—	103 3/16	98 29/32	9.73	9.19
Treas 13¼pc 1997‡‡		114 3/16	—	114 13/32	110 3/16	11.60	9.37
Exch 10½pc 1997		104 13/32	−1/16	105 13/32	100 13/32	10.01	9.17
Five to Fifteen Years							
Treas 8¾pc 1997‡‡		98 13/32	−1/32	99	94	8.89	9.10
8¾pc 1997 D		65 3/16	—	65 27/32	64⅞	4.88	9.11
Exch 15pc 1997		122 13/32	−1/32	123 13/32	118 3/16	12.22	9.48
9¾pc 1998		102 13/32	−1/16	103 3/16	97 13/32	9.52	9.17
Treas 6¾pc 1995-98‡‡		92 13/32	−1/32	93 3/16	88 13/32	7.30	8.39
15½pc '98‡‡		128 13/32	−1/32	129 3/16	123 3/16	12.07	9.38
Exch 12pc 1998		112⅞	−⅛	113¼	107 13/32	10.63	9.28
Treas 9½pc 1999‡‡		102	−⅛	102⅞	97 3/16	9.31	9.07
Exch 12¼pc 1999		114½	−¼	116 3/16	109½	10.70	9.30

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 10½pc 1999		106½	−1/16	107 13/32	101 13/32	9.86	9.20
Conversion 10¼pc 1999		105½	−1/16	106 3/16	100 13/32	9.72	9.20
9pc 2000‡‡		99⅝	—	100 13/32	94⅝	9.03	9.05
9% 2000 C		38 13/32	—	40 3/16	38 13/32	9.10	9.06
Treas 13pc 2000		119 13/32	−1/32	121¼	114 13/32	10.84	9.42
10pc 2001		106 3/16	−1/16	106¼	99 13/32	9.82	9.14
14pc '98-01		120 3/16	−⅛	121	115 13/32	11.66	9.40
9¾pc 2002		104⅛	−⅛	105⅝	98⅝	9.36	9.11
9¾p 2002 C		104 3/16	−⅛	105 3/16	98 3/16	9.37	9.11
10pc 2003		106 3/16	−1/32	107 3/16	100 3/16	9.43	9.12
10pc 2003 B		59½	—	61	58 13/32	9.40	9.13
Treas 11½pc 2001-04		112 3/16	−1/32	113 13/32	107 3/16	10.22	9.36
Funding 3½pc '99-04		65 13/32	+⅛	66 3/16	59½	5.35	8.00
Conversion 9½pc 2004		102 13/32	−1/32	104 13/32	96 13/32	9.23	9.09
9½pc 2005		103 3/16	−1/32	104⅝	96 13/32	9.21	9.07
Treas 12½pc 2003-05		122 3/16	−1/32	124⅝	116 3/16	10.23	9.31
8pc 2002-06‡‡		91 13/32	−1/32	92 13/32	85½	8.74	9.07
Over Fifteen Years							
Treas 11¾pc 2003-07		116⅝	−1/32	118 13/32	110 27/32	10.10	9.29
Treas 8½pc 2007‡‡		96 13/32	−¼	97 3/16	89 13/32	8.86	9.00
8½pc 2007 A		95 13/32	−¼	97 3/16	89 13/32	8.86	9.00
13½pc '04-08		129 13/32	−1/32	132 3/16	123 13/32	10.41	9.30
9pc 2008‡‡		100⅝	−¼	101 13/32	93 13/32	8.97	8.96
8pc 2009		91 13/32	−¼	93¼	85 3/16	8.72	8.95
Conv 9pc Ln 2011‡‡		100½xd	−1/32	102 3/16	93 13/32	8.98	8.95
9pc 2011 B		100½xd	−1/32	102	93 13/32	8.98	8.90
Treas. 9pc 2012		100½	−1/32	102⅛	93 13/32	8.96	8.95
Treas 5½pc 2008-12‡‡		69⅛	−⅛	69⅝	62⅞	8.07	8.93
7¾pc 2012-15‡‡		88 3/16	−1/32	89 13/32	81 13/32	8.78	8.96
Exch 12pc '13-'17		128 3/16xd	−1/32	130 3/16	120¼	9.35	9.00
Treas 8¾pc 2017		98 3/16	−1/32	[illegible]	[illegible]	8.88	8.88
Undated							
Consols 4pc		43¼	+1/16	48 13/32	39⅞	9.25	—
War Loan 3½pc‡‡		39⅝	+1/16	39 3/16	35 3/16	8.86	—
Conv 3½pc '61 Aft		62	+1/16	62⅞	59	5.65	—
Treas 3pc '66 Aft		32	—	32 3/16	29 13/32	9.38	—
Consols 2½pc		27 3/16	—	27¼	24 13/32	9.15	—
Treas. 2½pc		27⅛	—	27 3/16	24 13/32	9.22	—

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Index–Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	126⅝	+¼	126⅝	122⅜	2.71	4.00
2pc '96	(67.9)	183½	+3/16	183½	176⅜	3.41	4.01
2½pc '01	(78.3)	147 13/32	—	148	143	4.09	4.40
2½pc '03	(78.8)	143 11/16	—	144 1/32	138 3/16	4.12	4.39
2pc '06	(69.5)	146⅛	+⅛	146 13/32	139 3/16	4.15	4.36
2½pc '09	(78.8)	133 13/32	+1/16	134¼	126 3/16	4.16	4.35
2½pc '11	(74.6)	138	+3/16	138½	129¾	4.18	4.34
2½pc '13	(89.2)	113 13/32	+1/32	114 3/16	106 3/16	4.15	4.31
2½pc '16	(81.6)	121⅛	+1/16	121 13/32	112⅞	4.14	4.29
2½pc '20	(83.0)	116⅜	+1/16	117⅛	107 13/32	4.13	4.26
2½pc '24‡‡	(97.7)	96⅝	+1/16	97 3/16	88⅞	4.18	4.23

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for September 1991: 134.6 and for April 1992: 138.8

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11⅛ 2010		114 3/16	−¼	115 3/16	105⅞	9.78	9.46
Asian Dev 10¼pc 2009		108 3/16	—	109 13/32	100 3/16	9.49	9.28
B'ham 11½pc 2012		111	—	111	102¾	10.36	10.21
Ireland Cap 8½pc '10		88	+¼	89¼	85⅝	9.66	—
9pc Cap 1996		98⅝	+¼	99¼	90	9.93	—
13pc '97-02		104¾	+⅛	115½	104	12.46	—
Hydro Quebec 15pc 2011		138 13/32	−1/32	140 13/32	130⅞	10.80	10.29
Int-Am Dev 12½pc 2003		120 3/16	+1/32	121 13/32	112⅞	10.40	9.43
9¾pc 2015		103 13/32	−¼	104⅞	95½	9.42	9.38
Leeds 13½pc 2006		123¼	+¼	124½	116¼	10.95	10.37
Liverpool 3½pc Irred		32½	—	33¼	30	10.77	—
LCC 3pc '20 Aft		30¼	—	30¼	27	9.92	—
Manchester 11½pc 2007		109¼	+¼	110½	103¼	10.48	10.23
Met. Wtr. 3pc 'B'		58½	—	58¼	53	5.13	9.02
N'wide Anglia 3⅞pc 2021		110¼	+⅛	110¼	103¼	—	5.35
4¼pc IL 2024		110	+¼	110¼	103¼	—	5.10
Utd Mex States 16½pc 2008		124¼	+⅛	125	121½	13.28	12.88

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's
Abbott Labs ... h	17[illegible]xc	-⅛	19⅛	17	7,382	2.0
ψAllegheny & W	[illegible]p	+5	330p	225p	168.1	5.5
Amdahl	873p	—	1180p	615p	976.1	0.6
Amer Cyanamid	31⅞	-⅜	37	31⅞	2,920	2.9
Amer Express	13⅛xd	-[illegible]	13⅞	10[illegible]	6,197	4.3
Amer T & T	22⅞xd	—	24⅞	20⅛	38,234	3.2
Ameritech	33⅝	-[illegible]	36[illegible]	32½	14,722	5.9
BankAmerica	24[illegible]xd	-[illegible]	27⅛	19[illegible]	8,563	3.0
Bankers NY	30¼xd	-⅜	37¼	28⅞	2,534	8.9
Bell Atlantic	23⅝	—	25⅛	23⅛	10,179	6.2
BellSouth	28[illegible]	-[illegible]	29⅛	25	12,984	6.0
ψBethlehem Steel	8[illegible]xd	+[illegible]	9⅝	7	615.8	—
Bowater	1217pxd	-29	1579p	1078p	438.5	5.6
CPC ... h	23[illegible]	-[illegible]	25⅜	22⅜	3,987	2.9
ψCadiz Land Inc	249p	—	342p	168p	—	—
California Engy	[illegible]p	+4	[illegible]p	646p	125.4	—
Campbell Soup	17[illegible]	-⅛	23[illegible]	17[illegible]	4,914	2.4
Chase Manhattan	15[illegible]xd	-[illegible]	16½	9⅛	2,135	4.4
Chrysler	11¼xd	+[illegible]	11¼	6¼	3,288	3.0
Citicorp	10⅝xd	-⅛	11	6⅝	3,678	—
Colgate-Palm	28⅝xd	-½	29[illegible]	25¼	4,855	2.1
Cont'l Bank	990p	—	1000p	490p	1,000	3.4
Dana	29½xd	-⅝	24½	14[illegible]	988.1	3.8
Data General	438p	-16	1004p	431p	128.9	—
Dial	19⅞xd	-[illegible]	24⅛	18⅞	757.9	8.2
Dun & Brad	30	-⅛	33½	27⅝	5,350	4.3
Eaton	45⅛	-⅛	46½	32½	1,837	2.7
Echlin	10⅛xd	-[illegible]	11	7⅜	879.4	3.8
FPL	18⅝xd	-½	20	18⅛	3,157	7.4
Fluor	23[illegible]xd	+[illegible]	27	21	1,978	1.0
Ford Motor	28⅛	+⅛	28⅝	15	12,785	2.1
Gen Elect	41⅞xd	+⅛	45¼	40[illegible]	38,877	2.8
ψGeneral Host	479p	-9	550p	360p	—	4.2
Gillette	25[illegible]xd	-[illegible]	29⅞	25[illegible]	5,895	1.6
Hasbro	15½	-⅝	18	12⅞	1,385	0.7
Honeywell	38[illegible]xd	-[illegible]	45	34⅛	2,785	2.3
Houston Inds	23⅝	-⅛	25	23	3,027	7.1
IBM	43⅝xd	-⅝	54½	46¾	27,785	5.8
Ingersoll-Rand ... h	16⅝xc	-[illegible]	18[illegible]	14[illegible]	1,724	2.2
Lockheed	24½	—	28⅞	22⅜	1,587	4.9
Lowe's	2510p	-30	2540p	1631p	918.1	1.3
Merrill Lynch	28¼xd	-⅝	30[illegible]	25⅛	2,889	2.2
Morgan (JP)	30[illegible]xd	-½	37½	29[illegible]	6,889	4.0
Morris (Philip)	41¼xd	-⅛	46[illegible]	40⅞	37,843	2.9
NYNEX	42[illegible]	-[illegible]	44⅜	39⅝	8,589	6.2
For Pacific Agricultural see Cadiz land Inc						
Pall	13	+⅛	17[illegible]	10[illegible]	1,149	1.6
Pennzoil	27¼xd	+[illegible]	30¼	25¼	1,193	6.2
Quaker Oats	30⅛xd	-⅛	40[illegible]	28[illegible]	2,281	3.2
Rockwell	12½	-[illegible]	15[illegible]	12½	2,808	4.2
Rep NY	23[illegible]	+⅛	28[illegible]	22[illegible]	1,245	2.4
Sears, Roebuck	23¼xd	+[illegible]	28	19[illegible]	8,090	4.8
Sthwestern Bell	33½	—	35⅞	32⅛	10,865	4.9
Sun Co	15¼xd	—	18⅞	14[illegible]	1,671	8.5
Tenneco	21⅞xd	-[illegible]	25[illegible]	16½	2,718	4.1
Texaco	35¼xd	-⅛	35⅝	30[illegible]	9,112	5.1
Time Warner	59[illegible]xd	+1[illegible]	62⅛	46½	5,494	1.0
ψUnilab	471p	—	587p	440p	437.5	—
Utd Tech	28¼xd	+[illegible]	31¼	27	3,496	3.5
ψUnitech	99p	—	122p	58p	—	—
URS Intl. 1c	0¼p	—	1¼p	0¼p	2.38	—
US West	19¼	-¼	21[illegible]	18⅞	7,891	6.2
Varity	1030p	-19	1050p	632p	258.3	—
Waste Manage	19¼xd	+[illegible]	25	19[illegible]	8,749	1.3
Whirlpool	2250pxd	—	2700p	2021p	1,686	2.8
ψWoolworth	14⅝	-[illegible]	19¼	14⅛	1,900	4.2

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1992 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc.		94xd	—	107	63½	12.6	—	—
Cap		29	-1	42	12½	—	58.1	48.5
Stepped Pf	†	141	—	141¼	126	5.8	—	—
Zero Div Pf		186	—	186	166½	—	—	—
Warrants		8	-½	9	3½	—	—	—
Scot Value	†z	65½xd	—	64	48	3.8	63.0	0.1
Sec Alliance	‡	1256	-4	1283	1138	3.7	1370.6	9.4
Second Market	a	242	—	244	222	0.8	291.5	17.0
Sec Tst Scot		73	-½	75½	63	5.9	75.1	2.1
Select Assets		94	-2	102½	94	1.2	132.3	28.8
Eq Ind Ser I		123	—	123	109	4.8	—	—
Eq Ind Ser II		123	—	123	109	4.6	—	—
Shires		248	—	248	195	10.1	243.6	-1.8
11pc Cv Ln '03/04		£115½	—	£118½	£95½	9.5	—	—
Slant Select		76	-2	97	75	1.6	85.0	9.4
Warrants		15	—	21	15	—	—	—
Smaller Cos		84	—	85	67	4.9	90.6	7.3
Warrants		18	-1	28	10	—	—	—
Sphere Inc	N	13	—	29	14½	27.6	22.8	38.7
Zero Div Pf		77¾	—	77¾	65¾	—	—	—
Warrants		0¾	—	3½	0¾	—	—	—
Stratton		167xd	—	168	147	1.4	191.1	12.9
Summit		55	—	55	38	3.0	109.6	49.8
TR City of Lon	M	125¼	-½	127½	97½	5.1	120.9	-3.6
TR Euro Growth	s	85	-1	90	63	1.8	99.3	13.4
Pig Sub	s	50	—	54	50	2.7	—	—
TR Far East Inc	M	93	—	96	76	8.3	103.6	10.3
Warrants		19	—	22	12	—	—	—
TR High Inc		109	—	110	91	7.2	105.5	-3.3
Sub	g	34	—	35	28	6.7	—	—
TR Pacific	s	94	—	98	71	0.4	98.3	4.9

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

	Notes	Price	+ or -	1992 high	low	Mkt Cap £m	Yld Gr's
Europa Mints		4	—	10½	4	4.73	—
Feltrim		3½§	—	4⅝	1⅞	0.59	—
Geevor		4¾§	—	5	4½	1.82	—
Glencar Expl		13	—	16	11	2.40	—
Greenwich Res		7	—	11	7	5.15	—
Hemlo Gold C$		£4⅛	-⅛	£5	£3¾	307.7	2.2
Homestake $		£9⅝	-⅛	£9	£6¼	690.1	1.6
Ivernia West		42	—	52	42	13.3	—
Kells Mins		25	-2	42	25	8.68	—
Kenmare		3¾	—	6½	3½	3.68	—
Meliega Res		42½	+½	42½	30½	4.89	—
Neven Res		25½	—	28	16	3.42	—
North West Expl A$		3	—	6	2	1.01	—
Oryx Gold $		78½	—	102	51	—	—
Ovoca Res		6	—	11	5½	0.42	—
Pheloan		6	—	12	6	2.73	—
RTZ		628	+7	669	469	6,266	4.2
Vizcaya		1½	—	3	1	0.69	—
Western & Pac C$		54	—	86	7	29.6	—
Young Grp		19	-1	118	4	2.86	18.2

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ψ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- ■ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FINANCIAL TIMES
Weekend June 6/June 7 1992

Earth Summit in uproar over leaked US memo

By David Lascelles and Christina Lamb in Rio de Janeiro

THE US, already branded as the villain of the Earth Summit, was deeply embarrassed yesterday by a leaked memo to the White House about an attempt to "fix" one of the central documents before the conference.

The memo, written by Mr William Reilly, the administrator of the US Environment Protection Agency and leader of the US delegation, created an uproar and provided stark evidence of the divisions within the US administration over the summit.

It was sent to the White House in an attempt to persuade the administration to soften its opposition to a key treaty to protect the "biological diversity" of plant and animal life on the planet.

But the language Mr Reilly used, and a reference to the involvement of the Brazilian conference hosts in behind-the-scenes machinations, caused it to backfire.

The memo, copies of which were circulated to the press in Rio, begins: "As I indicated last night, Brazil has offered to try and fix the biodiversity convention so that the US could sign it. I have serious doubt whether the Brazilians can get others to accept a fix, but I have indicated a willingness to let them try."

The memo went on to suggest wording that might have been acceptable to the US. But it also pointed out that the chances of success were extremely remote because the wording of the treaty had already been agreed. The document was being signed last night.

Mr Reilly defended the memo as an attempt to explore all possibilities even though it was unlikely that a fix could be reached before the deadline.

He added: "It is most unfortunate that someone within our government chose to leak information about these most important efforts – efforts that demanded diplomatic discretion."

The incident was also embarassing for Brazil which desperately wants a successful conference. Mr Celso Lafer, the Brazilian foreign minister, said: "We made no formal proposals. There is not and has never been any attempt at a fix. We have been having informal contacts with all delegations including the US and obviously we were interested to know why a position agreed in Nairobi [where the negotiations took place] is now causing them so many problems."

Mr Reilly, a former environmental activist, has tried to defend the stance taken by the US on many of the summit issues. But it is widely believed he did this with reluctance and would have taken a much more positive line if the White House had been prepared to support him. Yesterday, there was speculation he might resign.

Now the treaty is being signed, it is too late for further diplomatic initiatives, even if there is the will.

However, Brazilian President Fernando Collor, who was the first to sign the treaty, seemed to imply the possibility of a later revision of the convention, which he described as the first step in a long road.

Officials said there might be a side commitment to revise the treaty at the earliest opportunity.

The British government is expected to sign the treaty next week.

Brazil steps in as summit broker, Page 2

Moscow on the trail of missing billions

By Leyla Boulton in Moscow

MR JULES KROLL, a US investigator who helped trace the missing Marcos millions, is now on the trail of vast sums of hard currency stashed abroad by Moscow's former communist regime.

He says the money could be worth more than western aid pledged to the former Soviet republics.

Mr Kroll, who was also involved in tracking down the assets of Haiti dictator "Baby Doc" Duvalier, appealed yesterday for help from central banks, governments and businessmen to find the money.

At a time when the west was considering giving Russia and the other former Soviet republics $24bn (£13bn) in aid, uncovering the funds would be "one of the cheapest forms of aid" it could offer, Mr Kroll said.

Hired by the Moscow government, Mr Kroll has a team of 15 people working full time tracing the missing money.

His consultancy, Kroll Associates, is hunting for three types of funds: profits sent abroad illegally by state-owned enterprises; bribes paid by foreign companies to Russian officials for concluding deals on terms unfavourable to the state; and public funds transferred abroad by the now-banned Communist party.

"This is going to require some government-to-government negotiations," Mr Kroll said. "If you leave it to a bank that has possession [of illicit funds], you're going to have a long wait."

"We're getting a range of reactions – all the way from the helpful to the non-responsive."

The money is believed to be in bank accounts in Cyprus, Greece, Switzerland, Austria, Germany, the UK, Jersey, the US, and any other countries where beneficiaries either had "trusted friends" or "consultancies".

"There's no doubt we are talking about billions," Mr Kroll said, adding that it was impossible to be precise.

In the four months since his consultancy was hired by Mr Yegor Gaidar, the Russian first deputy prime minister, it has found 22 bank accounts of a suspect nature, all set up since 1985, although none of the money has been retrieved.

Mr Mikhail Gurtovoi, the head of Russia's anti-corruption service, has evidence of 160,000 people who have illegally transferred money out of the country.

Mr Kroll and his team are paying special attention to commodity trading – particularly that involving imports of agro-industrial products, where foreign sellers have an unusually high profit margin. They also will be watching oil-related exports (where foreign buyers have been given exceptionally cheap deals).

In many cases, Mr Kroll's task will be made easier by the fact that the state owns many of the entities which have done the crooked deals – avoiding the barrier of banking secrecy which has been raised in his work for other countries.

Apart from returning the money to Russia, Mr Kroll also sees his role as helping with "preventative medicine" – to cut back such practices in future.

Mr Kroll and the anti-corruption authorities will offer foreign businessmen a reference service to help them avoid crooks in Russia's corrupt business environment.

Mr Gurtovoi guaranteed anonymity and help to any company which came forward with information on bribe-takers.

"We want our country to conduct business in a civilised manner," he said.

Kohl and Major call for rapid enlargement of EC

By Quentin Peel in Bonn and Alison Smith in London

CHANCELLOR Helmut Kohl of Germany and Mr John Major, the British prime minister, called yesterday for a speedier widening of European Community membership, in spite of Denmark's vote to reject the Maastricht treaty on European union.

The joint call, issued after informal talks in Bonn, gives German backing to Mr Major's push for a rapid enlargement of the Community. In particular, the two leaders called for negotiations with prospective member states from the seven-nation European Free Trade Area (Efta) to begin at the start of 1993.

It is seen in Bonn as a deliberate effort to play down the significance of Denmark's referendum result, which threatens to sabotage the Maastricht agreement on European economic, monetary and political union.

Describing their talks as "very friendly", Mr Major and Mr Kohl merely welcomed the outcome of the meeting on Thursday of EC foreign ministers. The ministers had insisted that the other 11 member states press ahead with ratification of an unchanged Maastricht treaty by the end of the year, but leave the door open for Denmark to reconsider its position.

While emphasising the commitment to press ahead with ratification, the two leaders believe that more work needs to be done on how the Community can move forward before this can sensibly be discussed by heads of government, who will meet at the Lisbon summit in three weeks' time.

The UK legislation to ratify the treaty is almost certain not to come back to the House of Commons before July. This leaves the Westminster parliament little prospect of completing its consideration in the timescale agreed by EC foreign ministers. Downing Street yesterday played down the importance of that timescale, emphasising that it was not a deadline.

Mr Major and Mr Kohl then called for "speedy initiation and conduct of negotiations on accession with those Efta states which so desire", urging the European Commission to produce a negotiating mandate by the time of the EC summit in Edinburgh in December. In the German text, they called for "acceleration" of the process.

The move is regarded with suspicion by some member states, including France, which believe that the "deepening" of the community via the Maastricht treaty is an essential precondition. They fear that new members will merely dilute and delay the integration process. So far, Austria, Finland, Sweden and Switzerland have applied to join. The other Efta countries are Norway, Iceland and Liechtenstein.

The UK government's political balancing act over the current uncertainty in the EC was underlined yesterday. Mr Norman Lamont, the chancellor, launched a blistering attack on the European Commission for the "seemingly endless and un-questioning pressure from Brussels always to extend the competence of the Community".

He emphasised also that the Danish referendum result provided a timely reminder "that there is nothing inevitable or predetermined about the future development of the European Community", and that the UK was not alone in wanting to protect its national identity.

Mr Lamont's implicit criticism of Mr Jacques Delors, the Commission president, will strike a chord with many Tory MPs – not just those who have been consistently Euro-sceptic. He warned that small countries should not be "bullied or pressurised" and that he could think of nothing more likely to stir up nationalism and resentment towards the EC than talk of forcing Denmark out of it.

The rebel Euro-sceptic Tory MPs may take some comfort from Mr Lamont's words. But they were in no doubt that government whips would over the weekend reinforce the pressure on MPs to withdraw their names from a parliamentary motion calling for a "fresh start" in shaping the EC on non-federalist lines. Two new MPs have already done so.

At the Anglo-German talks yesterday, Mr Major apparently failed to persuade Mr Volker Rühe, the German defence minister, to modify his objections to the European Fighter Aircraft project. Mr Rühe did agree to further talks with Mr Malcolm Rifkind, his British counterpart, before reaching a final decision. The parties in Germany's ruling coalition are due to decide the fate of the aircraft on June 23.

The importance attached by Mr Major to keeping the project alive was underlined by the suggestion that he might try to raise the issue again with Chancellor Kohl in the margins of meetings at the earth summit in Rio de Janeiro.

British and German officials are also to have further discussions, which will include ways in which industry might be persuaded to reduce its costs. Reallocating the costs of the programme between the participating countries does not seem to have been raised as an option.

Danish Maastricht vote 'will jolt Irish', Page 2

Lloyds gives up battle for Midland Bank

Continued from Page 1

would be blocked by the competition authorities.

However, Lloyds was so convinced of the commercial logic of buying Midland, that it broke its silence on its intentions and said it wanted to buy Midland. But it said it would back out if its bid was referred to the MMC and Hongkong Bank's was not.

In the event, however, it did not back away after the MMC reference of its proposal - even though Hongkong Bank faced no such scrutiny. Sir Jeremy said yesterday that Lloyds had initially decided to press on because Hongkong Bank's initial offer for Midland was "inadequate".

THE LEX COLUMN

Lloyds blinks first

At least the choice facing Midland investors is now simple: whether, with Lloyds out of the game, they should accept Hongkong Bank's offer. The chances are a majority will do so. Midland's shares may have closed yesterday some 6 per cent below the HSBC bid value. But that is natural for a paper offer whose value will fluctuate with the hugely volatile Hong Kong stock market till it closes on June 25.

The more awkward question is where Lloyds goes from here. Its chief executive, Mr Brian Pitman, has gone to extraordinary lengths to persuade the City that a partnership with Midland was the best way forward. Now he looks uncharacteristically bereft of direction. Few predators would pull out of a deal only hours after they received special permission from the government to buy shares in the market. Not to have foreseen the price required to stay in the game smacks of naiveté, to say the least.

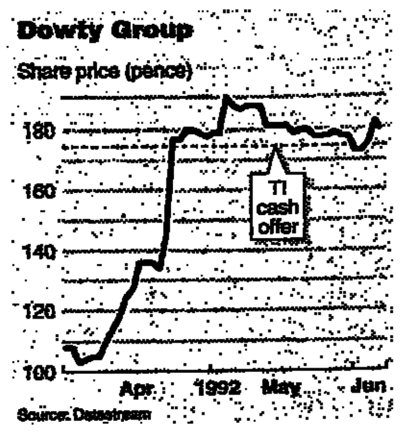
There is perhaps a mitigating factor. In deciding to pull back, Mr Pitman was true to his long-standing aim of maximising shareholder value. The mathematics can never be precise, but there may be something in the argument that at a price of say 520p, Midland shareholders would have been handed an unfair share of the merger benefits. If so, Lloyds did right by its own investors, especially given the chance of the MMC imposing conditions on the deal.

Many would argue, however, that there was something left for Lloyds' shareholders even at the higher price. That leaves the nagging suspicion that Lloyds also felt under pressure to pull back because its persistence had antagonised the authorities. The abiding memory will be of its strategic mistake in embarking on an exercise which, thanks partly to the early publicity it attracted, acquired a momentum of its own. One has to hope that Lloyds will conduct itself with greater circumspection in the future, especially as it has surplus capital to burn.

As long as it sticks by its commitment to shareholder value, there is little chance of Lloyds switching to an alternative target like the TSB or the Royal Bank of Scotland. Nor would it necessarily suffer from sitting tight. Higher shareholders' funds would reduce the bank's return on equity. But Lloyds would have the capacity to raise market share if other banks ran into capital constraints as a result of bad debt provisions.

A high capital ratio should also be good for its share price to the extent that it promises dividend security through the next recession. Indeed, the biggest danger might not be that Mr Pitman will risk his reputation again. It could be that he will now bring forward his retirement and hand over to a successor who will try to succeed on the acquisition trail where he has failed.

FT-SE Index: 2668.5 (-13.4)



TI/Dowty

TI's bid for Dowty looks a closer call than at first appeared. When it was launched, no one expected Dowty to be declaring profits of £33m for 1991-92. But if the bid, worth 193p at last night's close, looks less generous than before, that does not change the fundamentals.

Dowty has reaped an early harvest from its restructuring, but there must be doubts about the continuing pace of improvement, especially in electronics. The company has given no details of its order book and was forced yesterday by the Takeover Panel to dissociate itself from market estimates of sharply higher profits this year. Even at £45m pre-tax, Dowty would be trading on an expensive forward multiple of 16. Investors who side with TI may sacrifice some running yield, but their chances of capital appreciation would increase. TI brings scope for higher margins and a better chance of selling the loss-making Cognito venture.

Eurodisney

Not all Disney rides are rewarding or exhilarating, as shareholders who failed to jump off in recent weeks are discovering to their cost. Yesterday they were treated to another uncomfortable bump as Eurodisney fell 5 per cent in Paris. Walt Disney, its US parent with a 49 per cent stake, is now 7 per cent below its Wednesday close.

The latest source of concern is Thursday's half year report, which does little to allay market fears that attendances since the grand opening have been worse than hoped. Judging by the first seven weeks, it seems most unlikely the company will meet its first year goal of 11m visits. Taken with the decision to delay opening of the second phase and doubts about whether or not there will be profits in the current year, this certainly suggests the sceptics have a point.

That said, those who have held their nerve so far should sit it out. It is foolish to rely too much on the extrapolation of early trends. It is also worth remembering that consumer spending in France has been weak in April and May. After so much Disney hype, there is no point in succumbing to excessive Disney gloom.

Electricity

Yesterday's announcement by Offer, the electricity regulator, confirmed that the market in second-hand UK power stations will be a limited affair. The two generators feared the forced introduction of competitive tendering for stations marked for closure because that would have encouraged the persistence of overcapacity. In the event, by merely keeping an option to appoint independent consultants, Offer seems to have accepted the probability that there will be few, if any, bidders for plant which the generators have already written off as uneconomic. The transparency introduced in the form of individual power plant forecasts scarcely seems the key to bringing in new entrants either.

All the same, Offer has removed a little of the uncertainty surrounding the generators in the run-up to the forthcoming deal over future contracts with British Coal. The timing of that remains obscure, although signs earlier this week that the regional electricity companies are gradually being brought into line by the government suggest there may not be much longer to wait. Whatever the regional companies say publicly, it seems certain that they will be able to buy electricity more cheaply. The question is by how much. Until the deal is announced, the generators' shares will doubtless mark time, not least because they have outperformed the market by nearly 9 per cent in the last month.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Berliner Bk	290	+	11
Gerresheimer	350	+	9
Falls			
Aachen Mch	900	–	15
Asko	798	–	11
Leifheit	480	–	20
Veba	393.7	–	15.2
New York ($)			
Rises			
First Chicago	33½	+	¾
Falls			
Albany Int	15¼	–	1⅞
Du Pont	51⅛	–	¾
Reebok	23½	–	4⅜
Walt Disney	36	–	1¼
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Elex	2040	+	89
Geophysique	684	+	44
Imm de France	860	+	33
Falls			
Axa	1026	–	12
Cetelem	765	–	24
Paribas	394	–	14
Tokyo (Yen)			
Rises			
Meiji Machine	321	+	20
Shoku	465	+	32
Suzutan	1410	+	80
Falls			
Kawasumi Labs	1090	–	70
Sanko Eng	630	–	40
Tomoku	610	–	38
London (Pence)			
Rises			
Beauford	34	+	3
Carr's Milling	77	+	7
Faber Prest	343	+	36
Forward Tech	28	+	3½
Hardy Oil & Gas	121	+	8
Jerome (S)	72	+	7
Johnston Press	379	+	12
LGW	38	+	5
Vickers	170	+	7
Falls			
BAT Inds	781	–	14
Estates & General	50	–	5
Euro Disney	1103	–	60
Fairline Boats	315	–	10
Lionheart	28	–	3¼
Midland Bank	446	–	21
Northern Foods	604	–	11
Pilkington	137	–	5
Proteus Intl.	448	–	14
RMC	579	–	16
Siebe	718	–	14
Tarmac	124	–	5
Union Discount	143	–	10

World Weather

UK Today: Cloudy in the south with rain at first, brightening up later. Dull in the east with drizzle and fresh winds. Sunny with warm temperatures in the north-west.
Outlook: Unsettled with showers and some sunshine.

		°C	°F
Ajaccio	T	21	70
Algiers	S	25	77
Amsterdam	C	17	63
Athens	S	28	82
Bahrain	S	41	106
Barcelona	S	19	66
Beijing	R	14	57
Belfast	F	14	57
Belgrade	F	24	75
Berlin	S	28	82
Biarritz	C	15	59
Birmingham	C	11	52
Blackpool	C	12	54
Bombay	F	32	90
Bordeaux	R	13	55
Boulogne	Dr	12	54
Bristol	R	11	52
Brussels	C	15	59
Budapest	F	26	79
Buenos Aires			
Cairo	S	36	97
Cape Town	F	17	63
Cardiff	R	12	54
Chicago †	F	13	55
Cologne	C	19	66
Copenhagen	S	24	75
Corfu	S	28	82
Dallas †	F	22	72
Dublin	C	13	55
Dubrovnik		–	–
Edinburgh	C	13	56
Faro	F	24	75
Florence	R	17	63
Frankfurt	F	19	66
Geneva	S	16	61
Gibraltar	S	25	77
Glasgow	F	14	57
Guernsey	F	14	57
Helsinki	S	24	75
Hong Kong	F	30	86
Innsbruck	F	19	66
Inverness	F	12	54
Isle of Man	R	10	50
Istanbul	S	25	77
Jersey	S	14	57
Johannesburg	S	20	68
Las Palmas	F	22	72
Leeds	Dr	12	54
Lisbon	F	20	68
Locarno	C	16	61
London	R	12	54
Los Angeles †	C	18	64
Luxembourg	R	12	54
Madeira	S	20	68
Madrid	F	19	66
Majorca	S	24	75
Malaga	S	26	79
Malta	S	26	79
Manchester	C	11	52
Melbourne	F	15	59
Mexico City			
Miami †	C	26	79
Milan	C	21	70
Montreal †	F	15	59
Moscow	S	21	70
Munich	F	20	68
Nairobi	T	18	64
Naples	F	24	75
Nassau			
Newcastle	Dr	11	52
New Delhi	S	40	104
New York †	C	17	63
Nice	F	17	63
Nicosia	S	25	77
Oporto	F	16	61
Oslo	S	28	82
Paris	F	13	55
Perth	S	16	61
Prague	F	24	75
Reykjavik	C	9	48
Rhodes	S	26	79
Rio de Janeiro			
Rome	F	22	72
Salzburg	F	25	77
S'Francisco †	S	13	55
Seoul	F	26	79
Singapore	F	30	86
Stockholm	S	25	77
Strasbourg	F	17	63
Sydney	S	16	61
Tangier	S	21	70
Tel Aviv	S	34	93
Tenerife	F	21	70
Tokyo	C	24	75
Toronto †	F	15	59
Tunis	S	24	75
Valencia	S	21	70
Vancouver †	S	11	52
Venice	S	23	73
Vienna	F	23	73
Warsaw	F	23	73
Washington †	Dr	19	66
Wellington	S	15	59
Zurich	F	15	59

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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